

Incomes—hostages to fortune

BY C. GORDON TETHER

THIS MAY sound something of a paradox. But I would have thought that those who, like myself, are identified with the view that the one hope of permanently defeating the pernicious wages-prices spiral form of inflation lies in permanently embracing the incomes policy principle will be far from happy about what is now happening on this front. And in saying this, I am referring not only to the turn which the exercise launched last year has taken; I also have in mind the assiduously-nurtured proposition that the Government's handling of this operation is much more than a success story that it would be wholly unreasonable to suggest that there is room for serious criticism.

Such is the country's anxiety to see something done about the monetary shambles that the Government has been able to get away remarkably easily with the serious injustices and other unsatisfactory features of "phase one" of the present incomes policy. But that does not mean that it makes sense for it to adopt a similarly rough-and-ready approach to its successor—to assume that, so long as this can be shown to be headed in the right direction in broad terms, it does not matter if otherwise doing no more than the requirements of a good incomes policy where it touches.

The price

There are several reasons for this. The most important of these is that nothing is more calculated to jeopardise the prospects of persuading the nation that it is impossible to keep cost-push inflation at bay without continuing restraints on incomes—further than the feeling that this discipline is becoming an instrument for perpetrating permanent injustice and other abuses.

The longer-term price that may have to be paid for short-term successes achieved at such cost is, therefore, to be high—particularly as a return to free collective bargaining in such circumstances is more than likely to provide the occasion for another wages explosion. And it is surely significant in this connection that there is already a good deal of talk about the "inevitability" of such an upheaval at the close of the year covered by the revised income policy arrangements announced last week.

It is quite conceivable, after all, that even those sections of the population that are most concerned to see monetary stability re-established may come to a highly inconvenient conclusion if they discover that the price they are going to have to pay for it is—for example—a

Second defect

There are obviously grounds for arguing that, if living standards do have to be reduced over the country as a whole, the poorer elements in the population should suffer least. But it is entirely wrong to use an incomes policy whose motivation is supposedly the slowing down of the wages-prices spiral as a vehicle for enforcing massive instant—and probably irreversible—cuts in some people's living standards without consulting them or, indeed, having any public discussion on the matter at all.

The Government is being portrayed as having brought off something closely approaching a miracle in negotiating with the TUC an extension of the incomes policy which this organisation thinks its members will accept. But why should those who determine the views of the TUC be allowed to play such an overriding part in the formulation of a national incomes policy? Why should others be expected to accept without a murmur, treatment that will in some cases mean that by mid-1977, their real incomes will be as much as a third lower than they were only a year or two ago.

Mr. Clive Jenkins, of the Association of Scientific, Technical and Managerial Staffs, ringed round the other major defect in the new deal between the Government and the TUC when he pointed out that it does not cover such other highly relevant aspects of economic policy as what is to be done about reducing the level of unemployment. And this is just as much a matter for concern to believers in the incomes policy way of life as the injustices it will perpetrate.

Much has been made of the argument that pay restraint means more jobs. What are workers likely to see as its real purpose if, when the restraint is forthcoming, it signals a fall in production, any assurances that its due reward will be forthcoming.

RACING

BY DOMINIC WIGAN

Panoréal the day's best bet

DESPITE THE unexpected absence of the Oaks favourite, Saranisa, to-day's £3,000 Maudslayi Stakes at York should still provide an interesting race, for the field of eight includes Crofting, Everything Nice and Mayo Girl.

Although Everything Nice will probably go to post as favourite on the strength of her fine run in Newmarket's Pretty Polly Stakes, finishing strongly to take second place behind the highly-rated Spirithood, I slightly prefer the credentials of the Queen's ally Crofting.

This half-stayer by Crespino to that very fast French miler, Ascot Heath, created a highly favourable impression when disposing of a big field of maidens headed by Quiet Affair in summary fashion at Newbury in October.

She again ran well until lack of condition told against her in a quarter-mile from home in the seven-furlongs Fred Darling Stakes on the same course a month ago.

Sure to be all the better for her run in the Fred Darling, Crofting will appreciate to-day's additional 3½ furlongs and is likely to have too much class for Everything Nice, a winner on the

corresponding card a year ago, and the Oaks second favourite, Saranisa, to-day's £3,000 Maudslayi Stakes at York should still provide an interesting race, for the field of eight includes Crofting, Everything Nice and Mayo Girl.

For what appears to be the best bet of the day, backers must wait until the closing event, the

Towards the rear in the early stages of the highly-competitive six-furlong event, Panoréal picked up ground smoothly inside the final furlong to finish fastest of all in eighth place.

He is sure to have improved a good deal because of that outing and should give his supporters a good run. Doctor Wall, for whom there is sure to be a good deal of money, may follow Strout's colt home.

In spite of drifting from an opening slow of 6.4 to her 11.2 starting price, May Fox was not hard-pressed to score on her racecourse debut at Wolverhampton eight days ago.

Peter Walwyn's compact ally, a half-sister to Mabel and Be Hopeful, will be ideally suited by Brighton's five furlongs. She has been hard-pressed to follow up in the Ditching Stakes there.

A second likely winner for her jockey, Pat Eddery, the present champion, is the Doug Smith-trained Watch-Bear, among the runners for the Madeira Handicap. Major Victor McCallum's Sassafras colt showed that a race such as this was within his compass when finishing last to be second behind Charles Martel in a handicap at Pontefract.

SALE ROOM

BY MICHAEL THOMPSON-NOEL

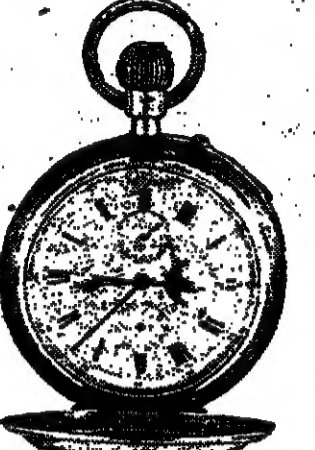
Malahide's first-day £244,109

THE OPENING SESSION of Christie's three-day house sale at Malahide Castle, Co. Dublin, where the company is selling pictures, furniture, porcelain, silver and books belonging to the late Lord Talbot de Malahide, ended with a big success. It totalled £244,109.

Two Louis XIV boules commodes were sold to an anonymous Paris dealer for the day's two top prices, £30,000 and £18,000, while the English dealer Woods Wilson sold £18,000 for a pair of George II giltwood side tables.

Other top prices included £17,000 for a pair of South German walnut and marquetry commodes, bought by a private Irish collector, £15,000 for a suite of Irish dark mahogany seat furniture, and £7,500 for a mid-17th-century ebony cabinet which once belonged to James Boswell. The cabinet was bought by a private U.S. collector.

In London a Christie's sale of Chinese jades and snuff bottles brought in £38,632, with practically every lot sold. A fine and large 18th-century lapis lazuli boulder, carved in high relief with figures in a boat, was sold for £2,500 to Hendricks Imports (the pre-sale estimate was £2,500-£3,500). A pair of small translucent, apple-green jade carvings of seated Buddhist lions fetched £1,500, well above the £400-£500 estimate.



This gold hunting watch by Charles Frodsham made in 1820, sold at Sotheby's for £12,000.

At Sotheby's a sale of clocks, watches and scientific instruments amounted to £40,325. Only 15 of the 160 lots failed to sell, although as they included several valuable items they accounted for just over 10 per cent of the knock-down total.

Lot 260, a fine and heavy gold hunting watch with a minute repeating watch with perpetual calendar and split seconds by Charles Frodsham made top price of £12,000 (plus £1,200 buyer's premium).

The next highest price was £9,000 paid by R. A. Lee, the London dealer, for a George Graham silver-mounted ebony quarter-repeating bracket clock (8½ in. high), while the same colt sold for £2,200 for a Joseph Knibb ebony bracket clock.

A Sotheby's sale of Continental miniatures, objects of vertu and gold boxes totalled £49,499, including £5,500 paid anonymously for a Charles Le Sueur three-colour gold snuff box in oval form (Paris, 1764), and £4,500 paid by the Earl of Clarendon for a rare Morisset and Lukin gold and enamel snuff box inset with a miniature of Maria Eleanor, wife of John Charles, the 3rd Earl of Clarendon. It was sold in London for £1,700.

Russian and Greek icons at Sotheby's totalled £39,500, including £1,450 paid by a German dealer for an Italo-Cretan icon of the Virgin and Child, c.1600.

Sotheby's Parke-Bernet's long-running sale of Old Master and 19th- and 20th-century prints in New York finished on Saturday for a final total of \$1,095,578.

Phillips was busy with three sales. The first, a 19th-century house, totalled £32,531, including £1,100 for a set of 18th-century mahogany dining chairs. At the other end of the scale a glass chamber pot etched with a rhyme made £55. A print sale earned £3,701 and watercolours £8,168.

The afternoon session brought the day's total to £307,112.

FILM AND VIDEO

BY JOHN CHITTOCK

The end of an era

THE ANNUAL British Sponsored Film Festival starting in Brighton to-day may well mark the end of an era for the production companies in this business. The last 12 months has witnessed some serious shake-ups for this influential cottage industry, one of which has even involved the Charterhouse Group.

It is quite possible to list well over 200 companies claiming to be sponsored film producers. Over the last 15 years, however, the business has been dominated by only a handful—the largest of which was the Film Producers' Guild. It has a history going back to the 1930s and with the Crown Film Unit and the war years provided the training ground for a high proportion of the leading British film and television makers of to-day.

The Charterhouse Group became a minority shareholder of the FPG in 1956 and assumed complete ownership in 1969, corresponding with the period when sponsored films were approaching their zenith and the Guild in particular was creaming off much of the high budget work. In January of this year, Charterhouse parted with 84 per cent of its holdings to Cygnus Films, a company that in the 1950s was tiny indeed, working at the bottom end of the budget range, and almost wholly owned by the man who started World Wide Pictures, perhaps the only big production company of the 1950s that has successfully adapted to the changing needs of industry.

World Wide has long been a name, like the Film Producers' Guild, with a special stature in sponsored films. Its history is a part of the industrial film story and its clients have always included the major sponsors, such as Unilever and British Petroleum. But recognising the cool zephyrs of change in the late 1960s and early 1970s, World Wide began to redistribute its strengths with a growing capability in film strips and video, a careful pruning of its big facilities for sound recording and animation, and an emphasis on marketing skills.

Of the survivors from the golden era, a few have adopted new names, such as Anthony Gilkinson and Associates, which has turned itself from a production consultancy business into the much larger operation known as Viscom, covering film strip, multi-screen, video production, and library distribution. This multi-media, multi-

simple functions. The work is also spread more thinly, coming from a greater number of sponsors who need much more marketing effort to find.

The trend has even changed for the smaller, bespoke companies—such as James Archibald and Associates, Anthony Barrier Productions, and Gerard Holdsworth. Productions—now working at all points in the budget range. Holdsworths are happily one of the few old firms to survive these changes, mainly, they say, because they have been less affected by budget cuts than many other producers. Holdsworths have also taken a weather eye on the future by starting to produce a number of their own films on sports subjects—creating, as they say, the one thing that producers have lacked in this business.

With six already made on judo, four on table tennis, two on squash, two on flower archery, the company has some solid revenue earners for the future—in between sponsored work for firms such as Smiths Industries and organisations like the National Farmers' Union.

Yet Holdsworths echo the words of so many in this business, that the future is in multi-media approach, of which film is only one facet. The same theme is stressed by World Wide Pictures, perhaps the only big production company of the 1950s that has successfully adapted to the changing needs of industry.

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service approach which so many production companies are adopting is a sign of changes to come. With emphasis shifting to service and facilities, the industry could become more intensive, whereas in the past its strengths have been in creative people. The makers, the people, are driven into the wilderness, even from home, trying to serve a general of creativity concentrating their talents only two or three films a year if they are lucky enough to find them.

Committed

Happily there is still a core of committed film-makers left in sponsored films, many very viable companies and individuals. Charles Barrie, for example, is a survivor from the very little new talent in the industry. Mr. David is straight from film school, 1972, almost unique at 25 years of age in a new sponsored production company, Screenplay Films.

Jumping straight into vision as most film graduates now seem to do, Mr. Rolfe has meant a struggle, making more demands on business tenacity, creativity. With 1,000 as letters personally written in 1975, he has displayed the determination that the survivors in this industry all have. But the hard core sponsors, pass him by—albeit "politely"—sticking to the faithful production companies that have weathered the storm.

In any other industry, such a small turnover—£5m. to £6m. on production—annually—such events might be of little consequence. But sponsored film industry has always been a catalyst in success of Britain's feature industry. Not only has sponsored documentary video a proving ground for new creative talents such as John Schlesinger and Peter Jackson, it has been an employer for the technicians, cameramen, production managers whose work in feature, especially as the studios have either closed or become "four-wallers" with permanent staff.

TV/Radio

† Indicates programme in black and white

BBC 1
7.05-7.35 a.m. Open University (URP only). 9.30 For Schools. College. 12.45 a.m. News. 1.00 Pebble Mill. 1.15-1.30 News. 1.30-1.45 News. 2.00 You and Me. 12.15 For Schools. College. 3.25 Birt Dore. The 1928 Strike. 3.55 Regional News (except London). 4.00 Play School. 4.25 Dorothy and the Kite. 4.30 Jackanory. 4.45 Animal Magic.

1.15 Vision On. 5.40 Paddington. 5.45 News. 6.00 Nationwide. 6.50 Circus. 7.15 The Olympiad. 7.10 Angela. 9.00 News. 9.25 I Didn't Know You Cared. 9.35 Sportlight. 10.25 To-night. 11.20 May I Have the Pleasure? 11.55 Weather/Regional News. All Regions as BBC-1 except at the following times:

WALES — 12.40-3.00 p.m. For Schools: Gwlad y Thref. 6.00-6.50 Wales To-day. 6.50-7.15 Heddlu. 11.55 News and Weather for Wales.

SCOTLAND — 6.00-6.50 p.m. Reporting Scotland. 12.15-1.30 Sun. Mary and Weather for Scotland. 11.55 Sportlight. 10.25 To-night. 11.20 May I Have the Pleasure? 11.55 Weather/Regional News. All Regions as BBC-1 except at the following times:

NORTHERN IRELAND — 2.55-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.55 News Headlines and Weather for Northern Ireland.

ENGLAND — 6.00-6.50 p.m. Look North. (from London) 7.00-7.15 News. (from Birmingham) Look East (from Norwich). Points West (from Bristol). South To-day (from Southampton). Spotlight (from Plymouth).

EMMERDALE FARM 8.00 Good Afternoon. 2.30 Racing from York. 3.55 General Hospital. 4.25 Arrows. 4.50 Lookout. 5.30 Nanny and the Professor. 5.50 News from ITN. 6.00 To-day. 6.40 Crossroads. 7.35 A Little Bit of Wisdom. 7.30 To-day Film. 7.30-7.45 News. 8.55 Plays for Britain. 10.00 News. 10.25 General Strike Report. 10.40 The Masked Dance. 11.45 Drive-in. 12.15 a.m. Barnaby Jones. All ITV Regions as London except at the following times:

ANGLIA 1.25 a.m. Anglia News. 3.30 The Film. 6.00-6.50 Anglia. 7.00 Cartoon Time. 7.45 The Tuesday Night. 8.00-8.15 From Port Brava. 8.15-8.30 From Port Brava. 8.30-8.45 From Port Brava. 8.45-9.00 From Port Brava. 9.00-9.15 From Port Brava. 9.15-9.30 From Port Brava. 9.30-9.45 From Port Brava. 9.45-10.00 From Port Brava. 10.00-10.15 From Port Brava. 10.15-10.30 From Port Brava. 10.30-10.45 From Port Brava. 10.45-11.00 From Port Brava. 11.00-11.15 From Port Brava. 11.15-11.30 From Port Brava. 11.30-11.45 From Port Brava. 11.45-12.00 From Port Brava. 12.00-12.15 From Port Brava. 12.15-12.30 From Port Brava. 12.30-12.45 From Port Brava. 12.45-1.00 From Port Brava. 1.00-1.15 From Port Brava. 1.15-1.30 From Port Brava. 1.30-1.45 From Port Brava. 1.45-2.00 From Port Brava. 2.00-2.15 From Port Brava. 2.15-2.30 From Port Brava. 2.30-2.45 From Port Brava. 2.45-3.00 From Port Brava. 3.00-3.15 From Port Brava. 3.15-3.30 From Port Brava. 3.30-3.45 From Port Brava. 3.45-4.00 From Port Brava. 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Janet Baker

by RONALD CRICHTON

Janet Baker's recital in the Silver Line series by Janet Baker and Geoffrey Parsons began with a greeting from the large audience of the most cordial and ended with a standard ovation. The recital was won not only by utterly devoted singing with no con- on to the size of a hall, but by the solo voice, but by the discriminating, ingenious use of songs and texts. This was a recital of Schiller, Goethe, e, Verlaine and Auden as well as Schubert, Liszt, Mass, Fauré and Berkeley. Her singing goes a long way to the charm and tenderness of the more popular songs. Schiller settings bring out qualities that make her per- stance of baroque music so sting and revealing. The set- "Acht" at the close of "Rhein" was as expressive anything in her monodramatic eloquence. Dame Janet reveals the "Götter Griechenlands" as of the most concentrated ex- sions of the eternal longing the North for the Classical this is a song with which personal colour and in- of her tone will surely be ever associated as the voice of Schumann and Lehmann and Markopff are with other man Lieder.

Her songs, with the devotee of the vocal line and the key- rd virtuoso, waiting to to the piano parts, offend few minds, yet it is valuable have some of the greatest man lyrics set by a composer was not tied to German th and home. The success the line in "Du bist wie eine me" revealed passing traces (in Debussy) with the precise members more (apart from the airable readiness to take as) are the songs that came entirely like "Im Rhein, im önen Strom" and "Über-

Nizar Hussain Khan

by DAVID MURRAY

There were no programmes, so today afternoon's World of Music recital began with an aspect of accidental, incoher- ility. The ragas which the nger Nizar Hussain Khan had to perform were an- unced over the public-address stem, and there was a lighted buzz among the lian connoisseurs. (Ragas are eeted according to the mood the occasion and the pleasure the artist, and the connois- seem to be slightly off- kered, perhaps for all the "nessman in late middle age, a seated himself in the middle of his accompaniment group- la, sarangi, tabla, etc.) Each half of the recital tured a single, sustained per- mance; the time when London- jencies were thought inces- of digesting Indian music in nks larger than 20 minutes, or are past. Each piece followed classical plan, a slow recu- ection followed by an up- po improvisation which loops up synopses over the rhythmic cycle (both times

St. John Passion

by MAX LOPPERT

a alert, direct and, in its way, moving performance of the John Passion on Sunday, by Musica Antiqua Instrumentalis Amstelredamensis and the legum Vocale of Ghent, led Philippe Herreweghe. It was that this "authentic" Bach, ed by a small band of baroque ins and wind and sung in man by a 20-strong choir, uld be sponsored by the 15th Bach Festival (which —surely correctly—shows "broad enough to present, he end of its London season, at Matthew more traditionally ned and interpreted).

criptions of Bach perform- es intended, as this was, to eate original perform- umstances, often so no- her than expressions of re- sure taken in the re- ngly athletic non-vibrat- rd of the strings, or the ish tempi and cool, lucid asing usually inspired by the ruments, or the limber plac- of contrapuntal textures by li chora. What was striking at this performance was the turbulent, heightened urs and moods of the John Passion were not, as have been expected of the ision, drained—but somehow hushed. It was not that the ic was played "without eparation" (such, if at all, sible, must lead to deathly al dullness); rather, the tact with the music, in this -textured but not frivolous- ing, was made without re- se to traditional emotiona-

his spirit seemed to find its me in the singing of the ngelist, Marius van Asten, in- ne, apparently matter-of-fact, of delivery matched by (not white tone) was re- led admirable sensitivity to the wing the expression from the it itself—the telling of cock- w was a notable example. In- gible, unassuming, stimulating bass arias last von Eschen- larity "let the music sing it-

Matthew Smith revalued

by DENYS SUTTON, Editor of Apollo



Matthew Smith: 'Flowers in a vase'

It is now nearly 20 years since Sir Matthew Smith died and since then considerable changes have taken place in the art scene. In 1959 the main emphasis was still placed on abstraction and the claim was often advanced that only non-figurative art deserved con- sideration, all the more so as the artistic leaders of the day were felt to be members of the New York School.

The rise of abstraction was understandable and by no means unconnected with the flight from Realism that was associated with the war and the austerity of the immediate post-war period, although at this time the cinema was dominated by the neo-realism of the Italians. The concern with modern American painting was no less compre- hensible for many talented new men emerged in the U.S.; it was also held that the very evident position of the States as a major world power was necessarily accompanied by a dominant school of art.

The position of an artist such as Smith in the last part of his career was a complicated one. He was too old to change his way of painting, even if he had wanted to, and his style had been formed before the First World War; he remained faith- ful to figurative art.

Now that the powerful posi- tion of abstraction has diminished and the significance of modern American art is con- sidered with a greater sense of proportion, the contribution of various English artists is being more justly examined. Matthew Smith is now ripe for revalua- tion. Messrs. Tooth and Roland, Browne and Deibance have com- bined to mount a show in their respective galleries of just over sixty items. The first gallery presents Smith's work down to about 1928 and the second gallery that of the later period. Matthew Smith, who was born in 1872, belonged to a genera- tion that believed that the chief art centre was Paris, which was broadly speaking true at that period. Between 1908 and 1912 Smith spent considerable time in France, working in Pont-Aven, Gauguin and many other artists, French and foreign, and spend- ing a month in the Paris school run by Matisse.

Smith's choice of Matisse as a teacher was significant for by temperament, he was a natural Fauve, a man in love with colour. The relationship of his early works to those of the Fauves—Matisse, Derain and Vlaminck—is evident in terms of his use of hot and dramatic colour. But the resemblance was no more than generic and telling differences exist between his ap- proach and that of his French colleagues. Matisse, for instance, was eager to employ colour to assist in the formation of deco- rative schemes; Smith was less interested in the creation of pat- tern than in the use of colour to express the mood engendered in him by the scenes or figures that appealed to him. Matisse was a cerebral artist, not so Smith. He was an impulsive painter, whose paint flows over the canvas.

His paintings made a strong contrast with his personality. He was gentle and retiring with a warm sense of humour but he had considerable powers of observation as is shown in his portraits of Augustus John and Henry Green, which stand out in the Roland, Browne and Deibance show.

Smith's love of France was a determining feature of his personality. From 1922 to 1940 he lived first in Cannes and then in Aix-en-Provence. It is hardly surprising that much of his paint- ing reflects his delight in the Midi. When he was in tune with his subject—a Provencal land- scape, a bowl of luminous flowers, or a buxom nude—he painted luxurious and colourful pictures that convey his intense pleasure in the good things of life.

Francis Bacon has praised his work for its intuitive character. It was Smith's immediate re- sponse to sensuous themes that made him such a devotee of colour, even though at times his paint could assume rather too creamy an aspect. This trouble was that when his intuition failed him, as it did rather often, the fall from grace was consid- erable.

The merit of this exhibition is that the works on view have been carefully chosen so that the very best of Smith is shown. The result will enable a new generation to gain the measure of an able painter, one whose strength lay in his refusal to compromise with his own values. He was a sincere artist, whose work is none the worse for its touch of provincialism.

Smith was born in the same year as Vanessa Bell and E. M. Forster, both members of the Bloomsbury Group which now excites much interest, both in this country and the U.S. It has formed the theme of an excellent exhibition at the National Book League, of which the catalogue, with an introduction by Quentin Bell, the biographer of Virginia Woolf, makes a useful contri- bution to the literature about

Henze & Britten

by PAUL GRIFFITHS

It promises to be a summer of Henze premieres, with a new work at the City of London Festival in July and, of course, the "actions" for music. We come to the River at Covent Garden in the same month. Brighton Festival's contribu- tion was a concert suite from the music Henze wrote last year for Volker Schlöndorff's film *Katharina Blum* after the novel of Heinrich Böll. The suite had its first performance from the festival ensemble, conducted by Henze, on Thursday evening amid the exotic Anglo-Catholic trimmings of St. Martin's Church. It was an incongruous location, for the *Katharina Blum* score is stern music for a story of social confinement, hypocrisy and attack.

The suite begins and ends with thickly coiled, darkly menacing movements entitled "The polluted river," "A being a rearrange- ment and variation of the other. Between them come several studies in emotional illustration: "The lovers," "Lament," "Memories" and "Fear." Henze does these well, and he keeps up the tone of grey aimlessness cover- ing an essential insecurity, there is nothing of special moment in the score, unless in the wistful interlocking counter- point of the love scene. At an extreme from this is "Rush hour," which is bravely described as a "grand fugue" but in fact consists of a raucous mélange of fragments freely distributed over a heller-scheller duo for the percussionists.

It was a pity that the Henze score did not include the Fan- tasia for strings which he drew from his score for an earlier production, *Der junge Törless*. Instead we had his dreamy viola concerto *Composers*, with Hirofumi Fukai as soloist, as well as Tippett's *Divertimento* on "Selling's Round" and Mozart's Symphony No. 29. There was, however, another chance to observe his response to the cinema, and more directly, when first performance from the festival ensemble, conducted by Henze, on Thursday evening amid the exotic Anglo-Catholic trimmings of St. Martin's Church. It was an incongruous location, for the *Katharina Blum* score is stern music for a story of social confinement, hypocrisy and attack.

I do not think it was only thoughts of Henze in the cinema which made me feel that Brit- ten's most successful chamber opera (excepting the church parables) would be still more powerful, like his second Henry James adaptation, *Queen Wil- "The lovers," "Lament," "Memories" and "Fear." Henze does these well, and he keeps up the tone of grey aimlessness cover- ing an essential insecurity, there is nothing of special moment in the score, unless in the wistful interlocking counter- point of the love scene. At an extreme from this is "Rush hour," which is bravely described as a "grand fugue" but in fact consists of a raucous mélange of fragments freely distributed over a heller-scheller duo for the percussionists.*

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Winter Gardens, Bournemouth Conductors' Competition

by GILLIAN WIDDICOMBE

In Bournemouth on Friday, in the vast blue bloom of the Winter Gardens, the John Player International Conductors' Award was won by a 26-year-old Dutchman, Gerard Oskamp. The next Rupert Foundation Competition (previously a joint venture between Stuyvesant and the London Symphony Orchestra) takes place in conjunction with the BBC next September.

Oskamp, who wins two years' work with the Bournemouth Orchestras (plus a plastic block with knitting needles in artistic suspension) is one of those feline conductors whose stickwork is a flexible extension of arms and body. His ear is imaginative, varied; his observance and alert- ness are remarkable. In Thurs- day's final, he conducted a vivid performance of Beethoven's First Symphony with the Bournemouth Sinfonietta; nicely turned and dramatically shaded.

Then, to our considerable surprise, he tackled Elgar's *Cockade* in a novel manner: rather slowly, with some finely graded quiet phrasing, and a generous, unhasty approach to pompous crescendos. A cellist in the Rotterdam Philharmonic, Oskamp appears to have had relatively little experience with professional orchestras, though (previously a joint venture between Stuyvesant and the London Symphony Orchestra) takes place in conjunction with the BBC next September.

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WORLD TRADE NEWS

CROSLAND IN TOKYO

Japan asked to curb car exports until July talks

BY PETER DUMINY

A NEW round of Anglo-Japanese industry talks on Japanese car exports to Britain will be held early in July, Mr. Anthony Crosland, Britain's Foreign Secretary, was told during his meetings with Japanese Ministers today.

In the intervening period there will be no negotiated ceiling, nor apparently any Japanese industry "forecast" or "prediction" covering car shipments to Britain.

The Foreign Secretary stated, however, Britain's "very strong desire" that, meanwhile, Japan will continue to exercise restraint in this very sensitive area.

Mr. Toshio Komoto, the Minister of International Trade and Industry, was believed to have been sympathetic and encouraging on this point during a 30-minute meeting with Mr. Crosland this afternoon.

It appears that the mission of the industry negotiators, represented by the Society of Motor Manufacturers and Traders and its Japanese counterpart, JAMA, to provide a formula for Japanese car exports after the January-March understanding ran out, has now been remedied as far as possible.

Mr. Crosland said later that it remains "common ground" that these problems are better solved by discussions between industry, including in this not only cars, but also colour television sets, ball bearings and shipbuilding.

Misunderstanding arising out of last December's industry talks (with the Japanese saying

they were then talking about export shipments during the January-March quarter, and the SMMT believing the discussion had been about new car sales, which in practice meant a difference of 6,325 vehicles), not touched on in Mr. Crosland's talks.

However, a Foreign Office official is staying behind to conduct a post-mortem.

Mr. Crosland spent the greater part of the day with Mr. Kikuchi Miyazawa, the Japanese Foreign Minister, whom he briefed fully on his meetings in Tokyo. The discussions were in English.

Without interpreters, and were described as lively and extremely cordial.

In the afternoon session the Foreign Ministers talked about the recovery of the British and Japanese economies with reference to trade performance and Britain's ambition to "put right the imbalance in Anglo-Japanese trade by vigorous expansion of British exports."

Korea and Southern Africa were also raised, with the Foreign Secretary appealing for strict enforcement of economic sanctions against Rhodesia.

It noted Japan's car exports to the EEC rose 50 per cent last year to 370,000, while European exports to Japan rose only three per cent to 26,600.

But Japan is expected to tell the EEC delegation it is ready in future to allow more time before applying new controls to foreign cars, the sources said. It is also likely to promise

reached £210m, almost double the figure of 1974, while imports have remained static at about £400m.

Unless the credits are taken up soon, this improvement cannot be expected to continue, and the leader of the U.K. delegation, Mr. Edmund Dell, Secretary of State for Trade, is expected to spell this out.

The Soviet delegation will be led by Mr. V. A. Kirillin, deputy chairman of the Soviet Council of Ministers. Mr. Dale is likely to press for early ordering of rubber, fibres, fertilisers and paints.

It is understood that the Russians have also expressed to ICI their interest in buying plant and equipment for the manufacture of ammonia, fertilisers, methanol, fibres and silicones.

At present the most important exports to the USSR are machinery, chemicals and manufactured goods, while imports are mainly raw materials, furs and precious stones, the latter being mainly for re-export.

The importance of chemicals was underlined yesterday by an agreement with ICI covering fields of scientific and technical development. The five-year agreement, which effectively renews earlier arrangements, specifically mentions crop protection chemicals, health products, chlorinated rubber, fibres, fertilisers and paints.

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TOKYO, May 10.

EEC negotiations open

TOKYO, May 10.

JAPANESE AND EEC representatives have begun talks over raising European car sales in Japan, Japanese Government sources said.

Discussions at the two-day meeting are expected to centre on Japan's rigid safety and anti-pollution controls, which have allegedly hampered sales of imported cars, the sources said.

But Japan is expected to tell the EEC delegation it is ready in future to allow more time before applying new controls to foreign cars, the sources said. It is also likely to promise

reached £210m, almost double the figure of 1974, while imports have remained static at about £400m.

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Brazil has deficit of \$905m.

By Sue Bramford

SAO PAULO, May 10. WITH A trade gap in the first quarter of \$905m, Brazil's hopes of rapidly improving its trade balance have got off to a disappointing start.

Figures from Cacef, the bank of Brazil's export department, put exports at \$1,556m and imports at \$2,461m. The imports figure is provisional, and the final figure may be even higher. The first quarter deficit in 1976 was in fact higher, at \$851m, but what is worrying is that exports this year are down by 7.5 per cent on last year's level of \$2,014m.

The leading export in the first quarter was coffee, total sales of which (including soluble) were worth \$284.8m. Although most agricultural products suffered from falling prices on the world market, primary products as a whole still accounted for 52 per cent of Brazil's overall exports, with sales worth \$956.8m.

At \$631.4m, manufactured goods showed a rise of 10.1 per cent over the first quarter last year. Here the best performance was turned in by exports of vehicles and parts which have been rising rapidly over the last year or so and reached \$78m in the first quarter of this year.

An indication of the unexpected size of the first quarter deficit is the fact that the Finance Minister Mario Henrique Simoesen predicted in January that the deficit for the whole year would only be of the order of \$800m. Clearly the drastic measures imposed by the Government to reduce imports have not had as marked an effect as was anticipated.

As regards export prospects, Sr. Glailite Coutinho, president of the Association of Brazilian exporters, announced recently that the association had been forced to reduce its estimate of export earnings for 1976 from \$10bn. to \$9.5bn., of which he put the share of manufactured goods at \$4bn.

Transavia buys Airbus

Financial Times Reporter

THE DUTCH charter airline Transavia Holland has purchased from Airbus Industrie an A300 B4 aircraft, the longer range version of Europe's 250-345 seat jet wide-bodied airliner. As the delivery date of the B4 would not be in time to allow Transavia to operate their busy 1976 summer season, concurrently with the purchase contract, the carrier has signed a lease agreement to bridge the gap.

With the Transavia purchase, the A300's order book increases to 57 (firm orders 34, options 23). These sales have been made to seven countries—France, Germany, Korea, India, Belgium, South Africa and Holland.

Britain has a major stake in the European Airbus programme and Hawker Siddeley, among other services to the consortium, have designed and built the wings for this aircraft.

Jeddah port surcharge reduced

Shipping lines belonging to the U.K. and Japan have won priority berthing arrangements that were withdrawn at the middle of March, John Wyles writes. After losing the priority, congestion charges increased from 55.12 per cent to 80 per cent in anticipation of cargo landing delays of up to 120 days. The average has now been fixed at 40 per cent, and the lines hope that waiting time will be no longer than 30 days.

Nigerian steel plans

Nigeria's proposed iron and steel industry will start production in 1983, our Lagos correspondent reports. Federal Commissioner for Industries Dr. R. A. Adeleke said considerable progress had been made on infra-structural developments for the 1.5m. plant which will have a maximum capacity of 5m. tonnes annually. The Soviet Union is co-operating actively with the Federal military Government in helping to build the large mill which will help reduce Nigeria's heavy imports of steel products.

Pharmaceutical link

Pechiney Ugine Kuhlman (PUK) said its main pharmaceutical company, Pharmuka, has formed a joint subsidiary in Germany with Armour Laboratories, a subsidiary of Greyhound of U.S. Reuters reports. The new company, Armour-Pharmuka, capitalised at DM150,000 on a 50-50 basis, will have its headquarters in Baden-Baden. PUK and Greyhound already have a French joint subsidiary, Laboratoire Armour Montagu.

Brazil shoe claim

France is re-exporting Brazilian shoes to Britain and protection of the EEC, the Sao Paulo economic newspaper Mercat reports.

It said Brazilian authorities in the U.K. believe the shoes bought in the southern State of Rio Grande do Sul are being re-exported under the Charles Jordan trademark.

Britain recently imposed a 16 per cent surtax on shoes imported directly from Brazil. British authorities are said to be looking into the allegation and should complete their investigation within 90 days.

AMERICAN NEWS

Ford stresses successes as Reagan lead increases

BY DAVID BELL

WASHINGTON, May 10.

PRESIDENT FORD, still very much on the defensive after four successive defeats by Mr. Ronald Reagan, faces his Republican challenger again tomorrow in Nebraska.

Over the week-end the former California Governor widened his delegate lead over Mr. Ford by picking up an extra 30 delegates in Oklahoma, Louisiana and Kansas while Mr. Ford could only manage to win 17. There are, however, a substantial number of uncommitted Republican delegates who are still thought to be leaning towards the incumbent but could now be wavering.

Mr. Ford meanwhile unveiled a new strategy while campaigning on Saturday in Nebraska. Scarcely deigning to mention Mr. Reagan, he tried instead to concentrate on his own achievements as President and praised his own success in bringing "peace and prosperity" to the United States after a difficult period in its history. But the shadow of Mr. Reagan's new-found support followed him across the State and his aides were said to be privately very concerned about the outcome.

Nebraska will thus be watched particularly closely tomorrow. It is a strongly Republican farming state with a good number of conservative-minded voters in both parties. There is

no provision, however, for conservative democrats to "cross over" and vote in the Republican primary as they could in Indiana and Texas, where Mr. Ford was defeated.

The President has been fighting hard to keep the lead that he had in Nebraska until very recently but the state's farmers are dissatisfied with him. They believe that he has encouraged

On the Democratic side, Sen. Hubert Humphrey and Sen. Edward Brooke are both on the ballot, which allows non-candidates to be entered. Sen. Frank Church, who has made Nebraska the major test of his nascent campaign, is also a contender. But most observers believe that the stage is set for Mr. Jimmy Carter to win another primary in the State and the polls show him ahead of all the others by a fairly large margin.

The other primary tomorrow is in West Virginia where Mr. Reagan and Mr. Ford are also contesting. The race has been a quiet one and is thought to be fairly evenly balanced. On the Democratic side there it is the only primary that Mr. Jimmy Carter has not entered out of respect for Sen. Robert Byrd, who is running his own slate of delegates with some opposition from Gov. George Wallace of Alabama.

In the past few days the Ford

While his record as Governor of California is one of general austerity, it is one which, he claims, is based on different moral and political premises.

He has been attacking Jimmy Carter, not so much because he is the front-runner but more because he represents a system of political management that he has no time for. The Brown mind seems full of a series of rhetorical and fundamental questions and he will not be drawn into conventional responses.

Many Democratic Party professionals now see him as the last chance of denying Mr. Carter the nomination. Mr. Brown has picked up impressive endorsements from Senator Hubert Humphrey and Governor Ronald Reagan, both of whom were notably kind in his public pronouncements towards him.

On television yesterday Mr. Humphrey, while remaining as diplomatically delicate as possible, was moved to suggest that Mr. Brown's qualifications might be greater than Mr. Carter's, since Georgia was hardly in the same league.

What he does argue very forcefully is that it is time a new generation was given the task of running the country.

He simply ignores standard questions on domestic and foreign policy, beyond saying that if the U.S. gets its own moral problems right it will have little trouble in the world at large, and that if every American has a job he will retain his dignity.

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Brown confuses Democrat race

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 10.

IT HAS been hard for the political analysts to keep up with the unfolding surprises in this American election year. Conventional wisdom has been found wanting, political logic turned on its head and new rationales invented, and discarded, with startling rapidity.

Now a new face is threatening to complicate matters even further. He is Governor Jerry Brown from California who, in the words of one commentator, has risen from his mattress in Sacramento to run for the Democratic presidential nomination.

It was difficult enough to get to grips with the nature of Jimmy Carter's appeal, but it was easy in comparison with that of Governor Brown.

In practice, Governor Brown seems to have left it too late. He is running in only three primaries—Maryland, Nevada and California—and even there his success in all of them would leave him with but a fraction of the delegates already won by Mr. Carter.

Since California, with its 280 delegate prize, is no longer on the Democratic side of a winner-take-all election, the mathematics are hopelessly stacked against him.

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World Bank adopts new borrowing formula

By Our Own Correspondent

WASHINGTON, May 10. THE World Bank continues today that it will soon adopt a new interest rate formula under which borrowers will be charged a spread of 1 to 1.5 per cent over the cost of the money in raising money.

The new formula will take effect on July 1. For the month of June only, a temporary sliding rate of 1.5 per cent will be in force, an increase from the current 1 per cent.

Under the new system, the Bank's lending rate will be reviewed quarterly and adjusted to the average weighted cost of funds borrowed by the Bank in the preceding 12 months. The calculation a positive spread of 1 per cent will be added to work out the interest rate that the Bank will charge its borrowers on new loans granted in the ensuing quarter.

Previously the Bank's interest rate has been set twice a year—in January and July—with the calculation embracing only past borrowing costs and future interest rate projections. Bank borrowers have then been charged a spread on top, but invariably in the 1 to 1.5 range.

Recovery is healthy, says Citibank

THE CURRENT U.S. economic recovery is healthy and will have a long life without the stimulus of rapidly rising Government expenditure, Citibank says.

The bank's latest economic letter cites buoyant first quarter results which showed that consumers had a way in the current recovery.

Gains in consumer spending have been fuelled by a gain in income, an increase in available credit and a reduction in federal taxes, the letter says. "A particular feature of this recovery is a marked consumer preference for goods as opposed to services," the bank adds.

Motor vehicles and parts made up 30 per cent of consumer spending on goods while food and clothing accounted for 5 per cent and 8 per cent respectively. Real outlays for gas and electricity, on the other hand, rose very slowly.

But consumers had been urged to adjust to sharply higher energy prices," the letter says.

AP-DJ

POLITICAL AND ECONOMIC PROBLEMS IN GRENADA

After the mongoose gang

BY DAVID RENWICK, RECENTLY IN ST. GEORGES

GRENADA, the only one of Britain's Caribbean Associated States to achieve full independence so far, is finding the task of restoring its economy after the pre-independence civil unrest of 1973-74 more difficult than expected.

High oil prices and the continuing instability of sterling, which Grenada, in common with other members of the Eastern Caribbean Currency Authority, uses as a reserve asset, have certainly not helped matters.

The disturbances of 1973-74 were characterised by widespread street demonstrations, a voluntary shutdown by shopkeepers and retailers, a strike by electricity and other workers and, most damaging of all, the closure of the port for three months by the Seamen and Waterfront Workers' Union.

They were not directly connected with the achievement of independence on February 7, 1974, but had been brought on by the indignation of a number of civil servants, and other political organisations about how Mr. Eric Gairy's Government had turned a blind eye to, and even indirectly encouraged, police and para-police brutality and a disregard for human and constitutional rights.

The troubles brought about a 15 per cent real reduction of gross domestic product in Grenada, a drop by almost 40 per cent of government revenue (which is heavily dependent on import duties), a reduction of tourist receipts by nearly half, and a rapid deterioration of an already shaky balance of payments.

The Minister of Finance, Trade and Industry, Mr. George Hosten, in his 1976 Budget speech, confessed that the state national reconstruction. Considered that current revenue alone fell short by \$650,000 last year (falling to attain even the level of 1973) and that, in the British which Mr. Gairy attacked bitterly at the Commonwealth Heads of Government Conference in Kingston last May and threatened to take to the United Nations on a charge of "gross economic neglect" during its colonial stewardship of the island, is giving \$1,082,100 (about £210,000) in current account assistance.

Grenada is also anxiously awaiting the establishment this year of the SEC40m. Fund for Emergency Programme Assistance, designed to alleviate short-

term budgetary problems and help the less developed CARICOM countries (the LDCs), which Grenada is one, pay off some of their debts to regional institutions. Grenada is behind with its payments to a number of regional common services, such as the University of the West Indies, and the West Indies Shipyard Corporation. The latter provision has started a minor run on the banks by those who have neither deposited into, nor withdrawn from, their accounts for six years but who have no desire to see their savings disappear.

The deposit requirement, though similar in nature to the deposit schemes already being operated by those CARICOM territories with independent central banks, has been bitterly resented by the banks in Grenada (all of which are foreign-owned) on the grounds that there is no central banking system as such in existence in Grenada which part of the Eastern Caribbean Currency Board. Moreover, the Government has so far refused to agree to pay interest on the money.

Some banks have already decided to lower their interest rates on customers deposits and to raise their lending rates in order to recover what they will lose on the 5 per cent of their liabilities earning nothing on deposit with the Treasury.

The new taxation measures will inevitably raise the cost of living in Grenada, which is already among the highest in CARICOM. Inflation was between 20 to 25 per cent last year and is not expected to be significantly different this year. Prime Minister Gairy, who has taken to calling himself "Mr. P.D.", on the basis of an honorary P.D. appears unworried that the high cost of living, economic stagnation, or any other economic or political problems may prevent his Grenada United Labour Party (GULP) from winning next year's election.

Grenada's 15-member House of Representatives is almost wholly dominated by his party: it has 14 seats to the Grenada National Party's one.

Mr. Gairy's confidence is reflected in the way he responded to the recommendations of the Duffus Commission of Enquiry into the Breakdown of Law and Order and Police Brutality in Grenada. The appointment of the commission was forced on the Government by the same group of interests responsible for the demonstrations and shut-downs and which came to be

known as the "Organisation 22" after the number of embles it represented. The chairman was Mr. Curtis Stuart, respected white collar trade union leader. The commission headed by a former Jamaica Chief Justice, Sir Herbert Duffus reported in February last year and its main recommendations were as follows:

1—The disbanding of the police, para-police aides, known in Grenada as the mongoose gang, who had personally recruited by Mr. Gairy to act against the opposition, but who had succeeded in virtually controlling the port and inflicting their own brand of unorthodox and violent "independence" on opponents of the Government, particularly on members of the radical, Left-wing party, the Movement.

2—A thorough reorganisation of the police force, with special reference to the recruitment of a non-Grenadian as Police Commissioner, and the removal of the force of Assistant Superintendent Innocent Belmar, policeman noted for his brutality.

3—An enquiry into the conduct of two magistrates, Mr. Irving L. Duncan and Mr. L. St. Louis, with a view to determining whether they should be removed from their jobs.

4—A similar inquiry into the conduct of Mr. Nolan, the Solicitor-General, in order to decide whether he, too, should be removed.

5—An investigation into losses sustained by businesses during an extensive period looting by members of the mongoose gang, in order that it might be compensated by Government.

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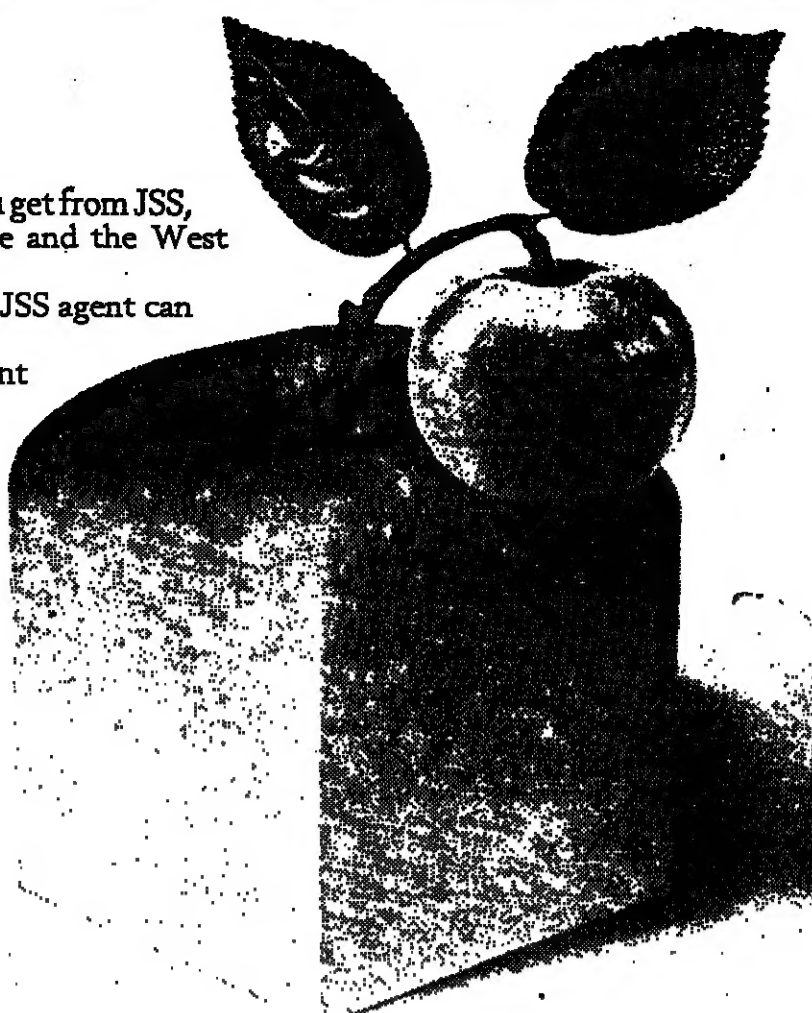
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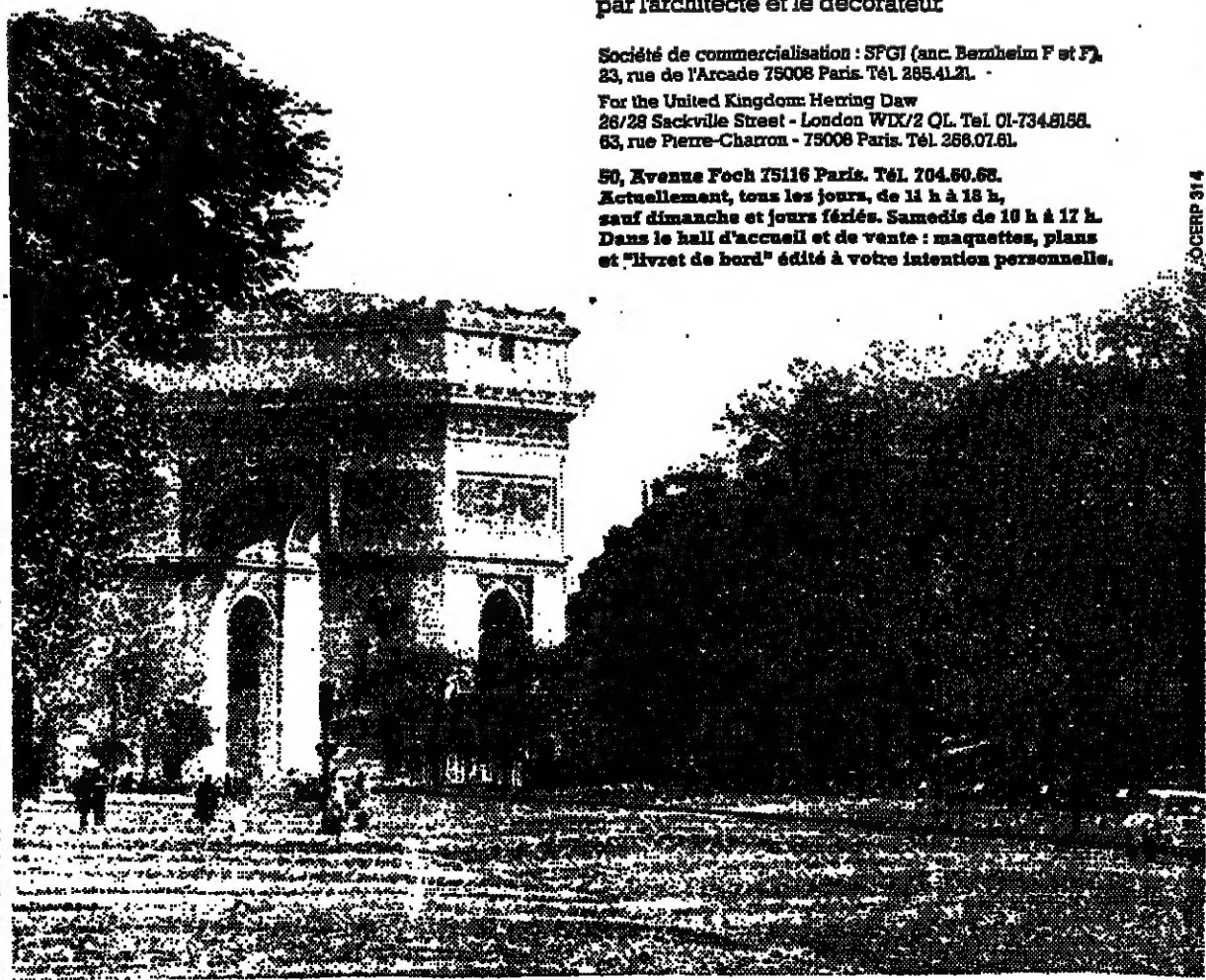
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EUROPEAN NEWS

Earthquake toll tops 830 as rain hits rescue effort

By ANTHONY ROBINSON

ROME, May 10.

A MASSIVE vaccination programme is now under way in the earthquake-stricken Friuli region of north-east Italy, as the official death toll climbed above 830, with fears of hundreds more dead still lying under the ruins of 19 villages and hundreds of scattered farms and cottages.

Rescue operations have been hampered by heavy rain and a continuing series of earthquakes, causing further damage to walls and buildings left standing by the main quakes on Thursday night.

The Government has agreed that the principal administrative burden of reconstruction should be left to the regional and local authorities themselves, with the central government bureaucracy remaining outside actual reconstruction work and limiting itself to the provision of adequate financial assistance.

This is a decision taken in the light both of the recognised spirit of recovery and determination expressed by the local population, but also in the light of the bitter experience learned in the aftermath of the Sicilian landslide in 1968. This led to the wastage of hundreds of millions of pounds of relief aid through corruption, administrative incompetence, and disagreement over reconstruction plans. Eight years after the disaster, inhabitants of the five affected villages are still living in temporary tin huts.

This time the local population is determined that they will rebuild their own houses and factories.

An idea of the dimensions of the task before them can be seen from official figures which estimate that 10,000 apartments were destroyed and 7,500 severely damaged. An estimated 150,000 people are now without a roof over their heads.

Reuter adds from Geneva: Italian newspapers to-day criticised Government organisation of the relief operation.

On the spot, it seemed clear that, in view of the size of the task, all that was possible was being done, and some confusion was inevitable. But the Italian Communist Party appeared to launch a campaign of criticism against the Government over the relief operation, bringing the disaster into the political arena as parties prepare for general elections next month.

Headlines in the Party newspaper *Unità* were: "Relief organisation still inadequate" and a front-page editorial said official attempts to play down the drama of the situation were "useless and damaging."

Naples political crisis

By OUR OWN CORRESPONDENT

ROME, May 10.

NAPLES, which for eight months has been governed by a minority Communist-Socialist city council led by Communist mayor Maurizio Valenzi, is now in crisis, following a non-confidence vote engineered this weekend by a coalition of Christian Democrats, Monarchists and neo-Fascists.

The crisis, which leaves the largest city in southern Italy virtually ungoverned except for day-to-day administration, follows the failure of early attempts to forge a political agreement which would allow the substitution of the Left-wing administration by a more broadly-based coalition.

But in the pre-electoral situation which has now arisen, the divided local Christian Democrats have preferred a tactical alliance with the neo-Fascists and Monarchists which leaves them free to fight the general election campaign locally on an anti-Communist platform. This is a reflection of their fear that the degree of popular approval enjoyed by the Left-wing city council will result in substantial election gains by the Left on what has been considered a reservoir of Right-wing and CD votes.

Meanwhile, Sig. Umberto Agnelli, managing director of Fiat, is shortly expected to confirm officially his decision to stand as a Christian Democrat senatorial candidate in Turin. This prospect has provoked much controversy. Members of the Agnelli family have been under pressure to stand for Parliament, and the Republican Party hopes to endorse him. Fiat chairman Giovanni Agnelli as an independent on its list.

The decision of his 40-year-old younger brother Umberto to stand for the Christian Democrats, however, has dashed the Republican Party's hopes of securing a candidate who, they hoped, would characterise the party as a principal pole of attraction for the more enlightened part of the managerial class.

Meanwhile, the Communist Party has decided to include among its parliamentary candidates men with administrative experience in the regions such as Guido Fantì, president of the Emilia Romagna region since 1970 and Lucio Libertini, vice-president of the Piedmont region since the regional elections last year.

The straitjacket of protective measures erected last week to defend the lira appears to have successfully changed market expectations as to the future course of the currency. This is reflected in a further 3.9 per cent recovery against the dollar at the closing in Milan to-day, where the dollar was quoted at fractionally under 534 lire, compared with 567 on Friday and 516 on Wednesday, prior to the import deposit and other measures.

Asked by two reporters from Time Magazine about the effect that an Italian Government with Communist participation might have on NATO, President Giscard is quoted as saying: "Communists in power will conform to their doctrine which obviously does not endorse free enterprise, participation in NATO or the construction of a united Europe. Even if the Communists' language seems more moderate to-day their basic principles remain the same."

But despite this the President said it would be a "mistake" for the U.S. to try and intervene although it was "normal" for Washington to make known the consequences that a change in the internal Italian political situation would have on its own policies.

On the future of the Common Market the French President told *Newweek* that Europe is faced with a political crisis in Italy and a "difficult economic situation in Europe. It is not reasonable to expect decisions of a political nature when some EEC members are faced with problems of critical proportions. What we must do is to ensure that European institutions continue to function and talk among ourselves to determine what can be done both to the progress on the European front and to help the countries in trouble."

Giscard warns on Italy

By DAVID BELL

WASHINGTON, May 10.

IN INTERVIEWS in all the major U.S. news magazines President Giscard d'Estaing to-day warned the U.S. against interfering in internal Italian political affairs, but says that "to implement the programme of the left would bring economic disorders."

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Progress towards the Party summit

By Leslie Collett

BERLIN, May 10.

THE POLITICAL issues dividing the Soviet and East European allies from the more independent Communists of Western Europe, Yugoslavia and Romania are said to have been largely resolved at last week's meeting in East Berlin of the communist 22 Parties drafting a conference document for the parties' planned summit meeting.

Disagreements in several areas had delayed agreement to go ahead with the conference, scheduled for East Berlin, for well over a year. The conference will bring Soviet party leader Leonid Brezhnev to the East German capital as well as the Yugoslav Communists who have refused over the past 19 years to attend such a gathering.

According to East European Communists here, the outcome marks a "considerable advance" for the cause of the independent in their ideological dispute with Moscow. "The Russians were faced with either accepting a document dealing with non-controversial issues or the alternative of getting no conference at all," notes one East European. Yugoslav's chief delegate to the preparatory sessions, Mr. Aleksander Nikolic, said on his return to Belgrade that "the main job has been done."

The conference, which could take place late next month according to the Easterners, would now deal only with the vague themes of European peace, security and co-operation as set forth at last year's Helsinki Conference.

German printers

BONN, May 10. THE WEST GERMAN Printers' Union will end its 11-day-old nationwide strike at 0600 hours local time (0500 GMT) to-morrow but will continue to stop selected newspapers, the national strike committee announced.

The union, which represents 80,000 of the 140,000 printers in the industry, called off the general stoppage without reaching any agreement with the publishers on its claim for a wages increase averaging over 9 per cent.

The Printers' Union later issued a statement explaining that its selective strike action would permit a number of smaller newspapers to publish again.

It said that if the employers again enforced a lock-out they would be responsible for interfering with Press freedom.

Strong swing against the Government in Sweden

By WILLIAM DUFFLORCE

STOCKHOLM, May 10.

SWEDEN'S governing Social Democrat Party has suffered a dramatic four per cent drop in the latest opinion poll, bringing it under the 40 per cent level for the first time in its 44-year rule.

The poll, conducted in April just after the departure from Sweden of the director of the Swedish television European allies from the more independent Communists of Western Europe, Yugoslavia and Romania are said to have been largely resolved at last week's meeting in East Berlin of the communist 22 Parties drafting a conference document for the parties' planned summit meeting.

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Carlist accusation

By ROGER MATTHEWS

MADRID, May 10.

THE SPANISH Government has been accused of plotting the actions of a group of over 50 right-wing gunmen who shot dead one man and seriously injured three others during an attempt by an estimated 5,000 members of the Carlist party to hold a rally on a mountain top in northern Spain yesterday. No arrests have yet been made.

Strikes and demonstrations broke out in the northern province of Navarre to-day in protest at the shootings. Princess Irene of the Netherlands, wife of Prince Carlos Hugo who heads the Carlist Party, visited the injured in hospital this morning. Her husband, who entered Spain illegally to attend Sunday's rally, is believed to have slipped back across the frontier into France.

A spokesman for the Carlist Party said that the police were well aware that an extreme right-wing group, led by Prince Sisto Enrique, younger brother of Prince Carlos Hugo, was planning to disrupt the rally but did nothing to stop it.

He said that the gunmen remained at the top of the mountain, where the Carlists hold their annual rally, for over 20 minutes after opening fire on the 5,000 marchers and then drove off without any interference by police.

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IMF plans for gold discussed by BIS

By Guy Hawtin

BASLE, May 10. GOLD featured high on the agenda of the central bankers meeting here to-day. The meeting, at the Bank for International Settlements, is understood to have thoroughly explored the implications of the planned IMF gold auctions.

European banking circles appear agreed that Central Bank support for the gold sale will be needed.

The central bankers are also understood to have reviewed the implications of the IMF gold sale, which will have so far enjoyed considerable success. The theme of the central bankers' discussions is understood to have covered the technical aspects of a new short-term facility.

The pound is also believed to have come under scrutiny, as here the British have strong allies in the Bundesbank. Dr. Otmar Emminger, vice-president of the Bundesbank, is stated his view that the pound is now undervalued, and the British have good prospects of recovery following the Government's agreement with the Trades Union Congress.

Some concern has also been felt about the continuing strength of the Swiss franc although the beneficial effect of the Italian measures on the lira and the slight improvement in sterling should have eased some of the pressure.

African summit in Paris

By Robert Mauthner

PARIS, May 10. PRESIDENT Giscard d'Estaing of France opened a two-day Franco-African summit meeting here to-day with an appeal to all countries "to leave Africa to the Africans." The only kind of competition which was in the interest of Africa, he told some 100 African Heads of State and Ministers, was that leading to the economic, social and cultural development of the continent.

The conference is the third of its kind to be organised in France, following similar meetings in Paris in 1972, in Senegal, Guinea, Africa Republic, last year. But participation this time is not restricted to French-speaking African countries. Some former Portuguese colonies, such as Guinea-Bissau, the Cape Verde Islands and Sao Tome, as well as Mauritania, a Commonwealth member, and the Seychelles, a British colony due to become independent next month, are also taking part.

President Giscard stressed in his opening statement that he would like the conference to devote itself to economic issues and proposed four main topics of discussion: industry and monetary questions, raw materials, the North-South Dialogue and co-operation between Europe and Africa. But political issues, such as the Rhodesian situation, Angola and the whole future development of Southern Africa are almost certain to be raised at some stage during the conference.

French polls

By Our Own Correspondent

PARIS, May 10. THE FRENCH Left, which did so well in the cantonal elections at the beginning of May, is consolidating its success at an important parliamentary by-election at the weekend. Tours, won by M. Jean Royer, former Minister and a candidate at the last Presidential election in 1974.

M. Royer, although standing as an independent, was supported by the Government coalition parties and polled 58 per cent of the votes, more than twice as much as the Socialist runner-up. No doubt the fact that M. Royer is at the mayor of Tours and is a champion of small shopkeepers and craftsmen, played an important part in his victory. But even when this is taken into account, the Socialists and Communists must be extremely disappointed at the performance.

OPEC aid fund

By Our Own Correspondent

PARIS, May 10. FINANCE Ministers from 13 member nations of OPEC grouping the world's major exporters, met here to-day to discuss the details of setting up a \$200 million aid fund for developing nations.

The fund was set up in principle at a meeting of OPEC Ministers here in June, though it fell short by \$200 million of the original target of \$1 billion.

URGENT

Are there any kind friends willing to make short-term, interest-free loans to the Marie Curie Foundation to help finance the completion of two half-finished homes for 100 terminal cancer sufferers? Min. £5-Max. £25m. Guaranteed repayment at 6, 12 or 24 months or at 7 days' notice. Details from the Secretary, 124 Sloane Street, S.W.1 (01-730 9158).

IN DEED IT IS

A hard match for Mintoff

generally. In liberalising the economy, the party's younger members assure voters that the former's *laissez-faire* attitude which brought the Nationalists administering down five years ago is a thing of the past. After a routine time in the opposition, the Nationalists appear steeled for a fierce battle which is certain to be closely fought.

Authorities feared her death could spark violent protests by sympathisers with her guerrilla group, the Baader-Meinhof gang, named after Franz Meinhof and its co-founder, Andreas Baader.

The police used batons and water cannon in trying to disperse 600 to 1,000 demonstrators who fought back with their fists and threw petrol bombs.

The protesters also smashed windows in shops and at the U.S. Cultural Centre, which has always been a prime target of Left-wing demonstrators in Frankfurt.



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the Pound

Photographed near Highway 100, Snowdonia

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Export enquiries to: Volvo Concessionaires Ltd, 28 Albemarle Street, London W1X 3FA. Tel: (01) 493 0321.
Parts Division: Eldon Way, Crick Motorway Estate, Northampton, NN6 7SA. Service Division: Raeburn Road, Ipswich, Suffolk, IP3 0ES.

Britain Hill Samuel geared big exp upsurge Board post

G. S. Watson has been appointed to the Board of HILL SAMUEL AND CO., merchant bankers, and his responsibilities will be within the commercial division. Mr. Watson was formerly managing director of Hill Samuel Pacific, based in Hong Kong, where he had been for two years.

Mr. Julian Osborne has been appointed financial director of HILL SAMUEL AND CO. Mr. Roland Dean, deputy chairman, has been appointed. Mr. Osborne joins Eurochem from Chamberlain Phipps where he was divisional managing director as well as a member of the main Board.

Mr. Donald C. Wastell has been elected chairman of the STOCK EXCHANGE, MIDLANDS AND EASTERN, and Mr. John C. Camm has been elected deputy chairman.

As part of the reorganisation of the chemical companies in Europe, the equipment and chemical divisions of GAMBLEN CHEMICAL COMPANY (U.K.) have merged under one management. By mutual agreement, Mr. Jean Lyons has relinquished his duties as managing director of GAMBLEN (U.K.). Mr. E. B. Madsen, formerly general manager of the equipment division, now assumes responsibility for the whole of the company's U.K. and Scandinavian operations.

Mr. J. A. Jefferson, agency manager, and Mr. B. Shaw, new business manager, are to become assistant general managers of the U.K. ASSURANCE COMPANY. Mr. A. division is to be agency manager. The appointments take effect from July 1.

Mr. S. K. Donnellan has been appointed vice-president international operations of GROVE MANUFACTURING COMPANY. He has also been appointed managing director of Grove Africa, the U.K. Mr. Donnellan was previously managing director of Premier Metal Holding, a member company.

Mr. Michael J. Fleming, who was formerly with Imperial Metal Industries, has joined the Board of SIGH AND SILLAVAN and will be responsible for the company's work in major non-ferrous metals.

Mr. Roy Tillie has been appointed to the Board of HUNTS ENGINEERING (BOURNEMOUTH). He continues as general manager of the crankshaft division.

Mr. John D. T. Vallance has been appointed director of Central Finance and Accounting at the POST OFFICE central headquarters in London and will take up his new post this month.

Mr. Brian Wherry, controller, rank planning, in the Post Office, London, Telecommunications Region, has been appointed chairman of the North West Telecommunications Board. Mr. Wherry succeeds Mr. J. V. Greenlaw, who has retired.

Mr. Reg Evans, previously managing director of Evans and Githen, has joined the Board of J. EVANS (HOLDINGS) as deputy chairman. Mr. Michael Hurley, marketing director of P. J. Vans Ltd., and Mr. Anthony Fisher, managing director of Fishers (Shirley), have also become directors of P. J. Evans Holdings. Mr. R. C. H. Newbould, I. G. Hunter joins the local management Board of the Aylesbury operation as assistant managing director. Mr. R. K. McCarthy is now director of cost administration, and Mr. A. D. Parsons moves to the newly created post of marketing director. Mr. J. D. Rowe has been appointed to the Board of Willesden Engineering Company as chairman. Mr. C. R. Weiss joins the Boards of Willesden Engineering Company and VAT Microfilm.

Mr. Leslie Lawrence will take over as chief signal engineer of LONDON TRANSPORT when Mr. H. W. Badaway retires at the end of this month after 49 years' service.

TOM MARTIN METALS GROUP has made the following subsidiary board appointments: Mr. R. A. C. Jones, a director of TVA Silver

Extractors, and Mr. D. Rogers, as deputy managing director of Diversa Metals.

Dr. W. R. F. Goeting has been appointed managing director of BADGER SYSTEMS (ELECTRONICS), a new company in the Badger Systems Group. Other appointments are Mr. R. J. P. Morrow as engineering director and Mr. J. R. Nicholson as marketing director. Managing director of the group, Mr. R. T. Jackson, becomes chairman with Mr. L. Livesey as company secretary.

Mr. Alex M. Harrower has been elected president of the ELECTRICAL CONTRACTORS' ASSOCIATION in succession to Mr. George McCallister. Mr. Harrower is managing director of A. M. Harrower. Mr. Charles Brown, Mr. Pat Lowe and Mr. David Pitts have become vice-presidents of the Association.

Mr. M. Whale has been appointed finance director of MEACOCK SAMUELSON & DEVITT (REINSURANCE BROKERS), part of the Devitt Langton and Dawney Day Group.

Mr. A. J. Kennedy has been elected president of the INSTITUTION OF METALLURGISTS. Mr. J. Nutting and Mr. J. A. Reynolds have become vice-presidents, and Mr. E. J. Bradbury honorary treasurer.

Mr. J. M. Williams has been appointed managing director of GLADING INTERNATIONAL, the holding company for R. P. Merritt and Edgar Sealey.

Mr. J. Vandenbruggen has been appointed a director of EDBRO BODIES. He is a director of Edbro Europa BV, a subsidiary.

Mr. Julius Neave, general manager, Mercantile and General Reinsurance, has been elected president of the INSURANCE INSTITUTE OF LONDON for 1976-77. He succeeds Sir Henry Manser. Mr. E. D. Rainbow, general manager, marine and aviation, Commercial Union Assurance, has been elected deputy president of the Institute.

Mr. Hugh D. Martin has become deputy managing director of WORLD BANKING CORPORATION, New York, a member of the Wobaco Group. Formerly with Commercial Bank of Africa, he will take up his appointment towards the end of May.

Mr. M. A. Brett and Mr. M. F. Race have been appointed executive directors of ST. AND PAINE REINSURANCE BROKERS.

Mr. Martin K. A. Craddock has been appointed financial director of TIFFANY FOODS.

Mr. R. L. Harrower, Mr. C. A. Skide and Mr. O. A. G. Baring have been elected directors of the TILLEY LAMP COMPANY. Mr. R. Grimble and Dr. G. T. C. Hamilton have resigned from the Board.

NEGRETTI AND ZAMBRA has made the following appointments in certain of its subsidiaries: Mr. I. G. Hunter joins the local management Board of the Aylesbury operation as assistant managing director; Mr. R. K. McCarthy is now director of cost administration; and Mr. A. D. Parsons moves to the newly created post of marketing director. Mr. J. D. Rowe has been appointed to the Board of Willesden Engineering Company as chairman. Mr. C. R. Weiss joins the Boards of Willesden Engineering Company and VAT Microfilm.

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Western Australia.

An investment that will pay dividends for years to come.

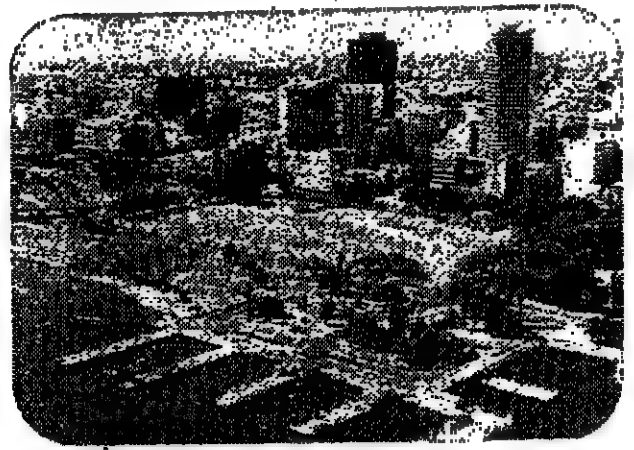
In a nation of promise, Western Australia stands out as being exceptionally fortunate. Already, the State accounts for 80% of the nation's iron ore exports. This year it will produce more wheat than any other State. And all the while, the State's manufacturers are moving abroad and capturing an increasing share of the lucrative markets of the Middle East, Africa, South East Asia — our near neighbours.

Economic forecasting is always hazardous but Western Australia can look into the crystal ball with realistic optimism. The State is on the way to establishing a jumbo steel mill, whilst at the same time developing the huge natural gas reserves just off the North West coast. These two developments alone are enough to multiply the State's economic resources and the only question is when.

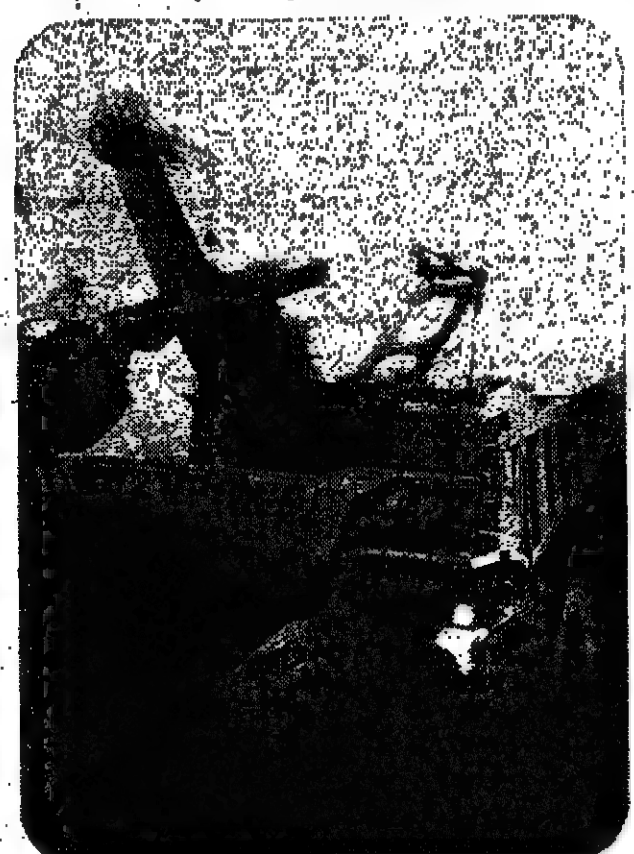
"Worthwhile development only takes place where there are ample basic resources and where there is a climate of enterprise; both these essential prerequisites are to be found in Western Australia.

My Company is the most diverse, and possibly the largest, industrial organisation in this State. We believe that its mineral wealth, together with the pervading sense of pioneering endeavour, provide a sure foundation for continuing growth."

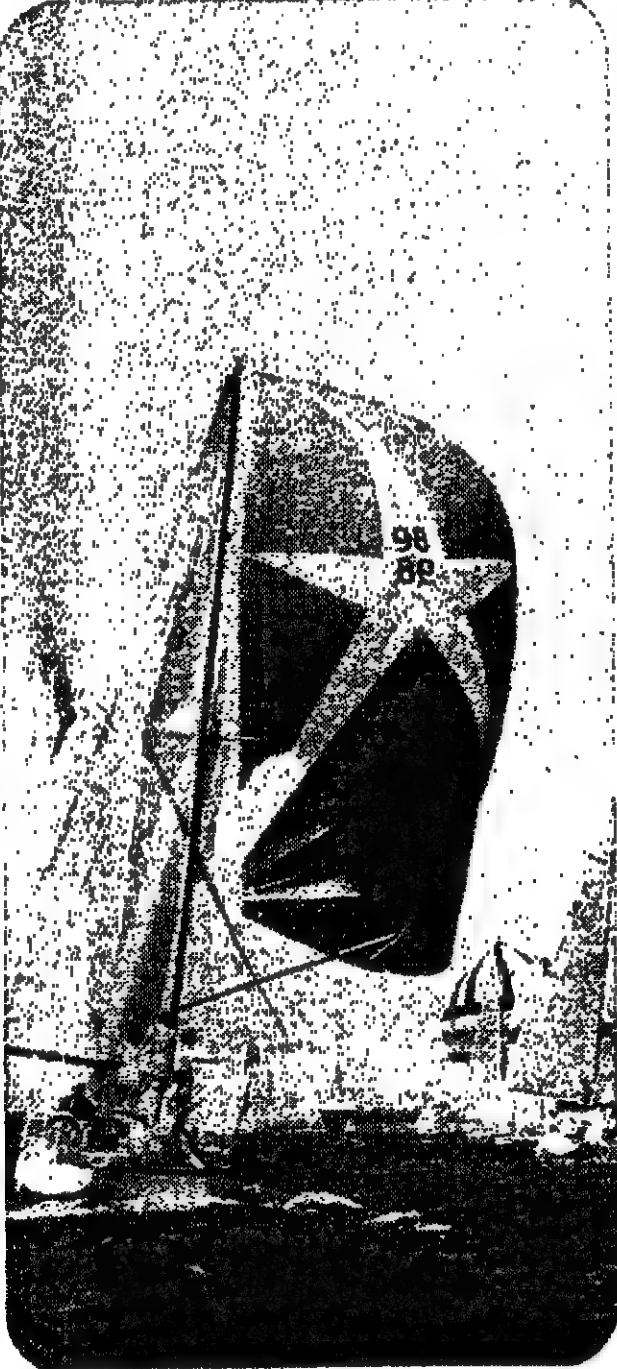
Sir Ian McLennan
Chairman of Directors
The Broken Hill Proprietary Co. Ltd.
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Western Australia's busy Capital, Perth, overlooks picturesque Swan River water.



Mining the massive ore deposits in the iron-rich Pilbara province.



Sailing in the sunshine and clear waters of Cockburn Sound, near Perth.

If you would like to know more about what Western Australia has to offer you, contact: Agent General for Western Australia, 115 Strand, London WC2R 0AJ England.

Official Representative, Government of Western Australia, 7th Floor, Sankaido Building, 9-13 Akasaka, 1-Chome, Minato-Ku, 107 Tokyo Japan.

Co-ordinator, Department of Industrial Development, 32 St. George's Terrace, Perth 6000, Western Australia.



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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Topping up with sun heat

SOLAR ENERGY is an optional extra for a pollution-free electric storage boiler system capable of providing both low-cost central heating and domestic hot water.

An extensive overseas market is predicted for the Centralec electrically-heated water thermal storage boiler, developed by the Consumer Power Company of Saffron Walden with financial support from the National Research Development Corporation (NRDC). Units are currently undergoing evaluation tests in Australia, Greece, Israel and Switzerland, as well as in England.

Heavily-insulated, the boiler operates at off-peak electricity tariffs, using water as the thermal storage medium. It is designed so that water can be heated to a high temperature by a bank of immersion heaters placed low in the tank operating on the night tariff. The controlling thermostat is set to give maximum storage temperature in relation to the working pressure, which can be up to a 40 ft head but the water temperature is reduced to 180 degrees F. before entering a normal radiator circuit, by the use of mixer valves. Another set of immersion heaters, situated near the outlet, is thermostatically controlled to maintain the correct flow temperature should very cold weather produce an unusually heavy demand for heat when the off-peak tariff is inoperative.

Solar energy can be used to improve the economy of these boilers. Consumer Power Company produces solar panels designed to reduce fuel consumption in either Centralec boilers or in other water heating systems utilising electricity, oil, gas or solid fuel. Energy is captured from the sun's rays by the Thermasol solar heat collector and is transferred to the electric storage boiler by means of a heat exchanger. This reduces the electrical energy needed to reheat the boiler overnight or to top up the water temperature for central heating.

Centralec storage boilers are suitable for both domestic and commercial applications. Fully assembled prior to despatch, they take about 3 hours to install (to prepared pipework). Standing losses are minimal, and boilers can be sited anywhere under cover, for instance in a shed or garage, to free domestic space.

NRDC, POB 236, Kingsgate House, 68 Victoria Street, London SW1E 6SL (01-828 3400).

DATA PROCESSING

Support for the service industry

THOUGH pressure on Government services to prime costs will continue to grow at least till the end of next year, support to the U.K. software, bureaux and consultancy organisations will continue to run at around its present annual level of between £5m. and £6m. according to Mr. Reay Atkinson, head of the Central Computer Agency.

Speaking to a meeting of the Computer Services Association and somewhat surprisingly describing his organisation as "having no powers of sponsorship," he admitted to a major failing in his own advisory system. This was that there was no mechanism to advise Government Departments through CCA — when it would be better to use a minicomputer to solve a problem rather than to enhance existing equipment.

"We are only now weaning away from mainframes," he said. He disappointed his audience with the news that whatever might happen outside the U.K., there would be scant opportunity to award massive Government Service contracts over the next few years, and he further appeared to imply that neither he nor CCA was prepared to accept pressure for the formation by merger of a small group of large and powerful service/software entrepreneurial groups — though this is the way the industry is moving in France.

As in other departments, a "hard times review" was under way. Internal staff associations too were becoming much more concerned as to the extent and quality of the work going to outside contractors.

None of this, however, met the point senior service industry operators have been making — that they do not want money, but work, and a certain amount of Government risk-taking.

Mr. Atkinson did say, though, that CCA was seeking to improve productivity of Government equipment and methods, which implies an ongoing need for tools which measure the performance of computer installations.

Visual unit W1628 is made by Westinghouse of Canada and consists of a number of basic modules: CRT unit; keyboard; power supply; and a modular electronics assembly designed for expansion up to a storage capacity of five pages.

A bus-oriented microprocessor has been used enabling a complex interactive display system to be achieved with relatively low circuit complexity and low power consumption. Display format is 12 or 24 rows of 80 characters per row on a 12 inch diagonal screen. A detachable keyboard with dry-ree key switches generates the entire 128 character ASCII set.

Model 300 impact printer terminal has its own microprocessor to provide comprehensive programming and operator control facilities. It is designed to provide the remote computer user with a universal high reliability data terminal. The Diablo HiType print mechanism is used, offering quality comparable to that of an electric typewriter.

Also introduced is the M30 automatic send/receive 30 ch/sec. matrix printer terminal incorporating extensive data preparation and editing facilities. It can be used either as a computer terminal operating on an ASCII eight-level code or for teletype applications with a five-level code; change-over is effected by changing a printed board.

Digital cassette tape recorders have also been announced which can be connected to most types of computer equipment or alternatively can be used as a stand-alone buffer, for example to upgrade teletypewriter terminals to operate at higher speeds to line.

Finally, Extel has announced a complete re-conditioning service for Teletype and other electromechanical terminals including Siemens, Creed and TermiNet. More from 73, Scruton Street, London EC2A 4PB (01-739 2041).

Clutch of terminals

AN INTELLIGENT visual display terminal and two printing terminals equipped with microprocessors have been announced by Extel's engineering division.

Visual unit W1628 is made by Westinghouse of Canada and consists of a number of basic modules: CRT unit; keyboard; power supply; and a modular electronics assembly designed for expansion up to a storage capacity of five pages.

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CALCULATORS

US firm seeks UK outlets

CLAIMING to be number three in the U.S. calculator manufacturing league, APF Electronics of New York is attempting to enter the U.K. market and has appointed Innovative Marketing International to arrange outlets.

IMI, whose factories in the U.S. and Hong Kong are turning out 0.5m. units a month, offers a range of 25 standard models ranging from a five function unit which will retail here for under £5 to a nine memory 55 function machine at £29.50. All the machines are hand-held and operate on batteries or from a mains adaptor. Store from Innovative Marketing International, 2 Dorset Street, London W1H 3FP (01-495 2475).

MATERIALS

Factory noise barrier

MINERAL wool product "Acoustical" noise absorber, when positioned beneath the ceiling and against the walls of a factory building can halve the level of internal noise and sound reverberation.

It takes the form of vertically or horizontally suspended 1 metre x 0.6 metre panels of a predominant diaphanous rock fibre and is to be marketed nationally by Acousticals of Malton, North Yorkshire.

By applying this absorption system, general factory noise can be reduced by an average of 10 db and reverberation time by about 50 per cent, the net result being a reduction of up to a half in the previous level of noise. Noise reduction in a building is achieved on a once-and-for-all basis and is not dependent on insulating individual machines.

The material can be installed within a matter of weeks without seriously interrupting work and can be infinitely varied in shape to meet all factory configurations.

Further details from 15, Yorkersgate, Malton, Malton 4423.

BUILDING & CIVIL ENGINEERING

All about precast

MOST contractors buy precast concrete units from manufacturers, taking advantage of their skills and expertise. However, when simple items are required in relatively large numbers over an extended delivery period it can be beneficial for the contractor to produce them, either on or off site.

But precast is not simply in-situ concrete cut into pieces. Even simple items require considerable knowledge and skill for their manufacture if they are to be produced economically and well. The contractor also has to commit himself to diverting resources which would otherwise be available for other work.

It is against this background that the theme of a new paper, "Estimating for precast concrete," is developed.

Even when a supplier is involved, there is a danger that unless he understands exactly what is being asked of him in the specification, quotations may be based on the wrong information. For instance, a manufacturer will assume that customer standards apply unless told otherwise — any change in the standard is a normal method of work easily lead to higher costs.

Where the contractor is to carry out the work himself, knowledge of the various requirements of the precasting exercise is essential. The paper offers a guide to the types of precast concrete available and items that should be considered in assessing the cost of "in-house" manufacture including concrete, moulds, castings, fittings, reinforcement, loss, striking, transportation, protection, and erection.

It has been written by Mr. A. G. O. Sparks, Technical Administrator of the British Precast Concrete Federation and is available from the Institute of Building, 90 Kings Road, Ascot, Berkshire.

Compressor is light and simple

FIRST prototype of a new, combined petrol engine and air compressor by Direct Power is back in the U.K. after a demonstration to Avaleche Industries of Vancouver.

This machine is designed to satisfy an expanding market for a small, transportable (and therefore very compact and light weight), self-contained air compressor set for commercial use.

The first model is designed to deliver 20 cubic feet of free air per minute at pressures up to 100 lbs/in² (567 litres per minute at 7 bars) and to weigh only 40 lbs (just over 18 kg) complete and ready to run.

This is a very considerable saving in weight over conventional equivalents giving the same output and is achieved by a radically new approach to the design of combined units in which, among other things, mechanisms between the driving part (the engine) and the driven part (the compressor) are virtually eliminated. Consequently the number of parts is also reduced and mechanical simplicity increased. The design is the subject of patent applications in a number of countries.

Development will now continue for Avaleche in the company's works at Crawley, Sussex until the machine is ready for production.

Direct Power is at Unit 1, Alpine Works, Oak Road, Southgate, Crawley, Sussex RH11 8AJ, (0293 22880).

Better road surfaces

THE FRENCH Salviat Brun company has come up with an improved road surface based on the Salviatim technique. This consists in introducing a cement-based compound, fillers, sand and additives into a layer of gravel coated with bitumen or tar. The road surface is thus rendered more rigid, while retaining flexibility of bituminous compounds.

This technique has now been perfected by the formulation of an additive called Prosavia 3. Its main ingredient is an elastomer developed by Dow Chemical Europe which improves compression resistance and stress resistance. Both are at least doubled, while at the same time shrinkage is greatly reduced. The average amount of shrinkage over a period of 28 days is reduced to one-seventh that of normal surfacings, that is negligible proportions.

An advantage to civil engineers is that the new surfacing is resistant to static loads as well as to shearing caused by road-building equipment.

Further from Dow at Heathrow House, Bath Road, Hounslow TW5 9QY.

example was an investigation into the serious failure of floor screed in an airport building, when the use of an incorrect grade of aggregate was revealed. The facilities are backed by extensive analytical laboratories for the determination of sand and cement ratios and other chemical tests. Differential thermal analysis tests are performed on high alumina cement to determine the progress of conversion.

Varsley Testing Laboratories, Ashted, Surrey.

Preventing leaky roofs

DISCOVERY of hairline cracks around the roof perimeter of 23 blocks of flats forming the Highfield Estate in Feltham, Middlesex, has led the London Borough of Hounslow to undertake extensive preventative maintenance, by re-roofing the roofs with the Monoform System of spray-applied bitumen and glass fibre rovings. The contract involved a total roof area of 7,760m² and was carried out by W. G. David (London), Wokingham, GU21 6NT — a member of The Association of Monoform Licensees.

In the opinion of the contractors, the buildings which were put up just over ten years ago, have been subjected to movement — either thermally-induced or caused by settlement and possibly aggravated by vibration from the nearby railway, or planes using London Airport.

Monoform, which is applied under licence from the patent holders, Shell Composites, was selected mainly because it provides a one-piece jointless sheath of reinforced waterproof coating, which does not require that the roof should be stripped and residents rehoused.

SOFTWARE

Boost for products

DoI has raised funding available to the Software Products Scheme by a further £280,000.

The pattern of developing interest in software products has been out of phase with that projected at the start of the Scheme with the result that the early demand for funds was smaller than expected. The situation has been reversed over the last 18 months with the demand for funds substantially exceeding that originally anticipated. Because of this delayed demand a shortfall of income has been predicted over the next 2-3 years and the additional funding has been approved to remedy this.

Additional funding will be made available over the next two years and will be added to the returns now beginning to flow back to the Scheme, as more

BUSINESS COMES TO LIFE IN
Cwmbran
Get the facts about industrial opportunities in the South Wales region. Contact: Cwmbran Development Corporation, 100, The Quadrant, Cwmbran, Gwent NP23 5YU. Telephone: Cwmbran 2771.

products which have been financially supported are launched on the market. The immediate objective will be to achieve steady level of funds available to the Scheme of £300,000 p. annum.

The Scheme aims to make funds available for development and initial marketing costs — there are now 16 support projects. It is thus helping U.K. products into the foreign market, and contributing both to import substitution and to exports.

NCC, Oxford Road, Chester, Cheshire, Merseyside, CH1 1TD. Tel. 0224 224 224.

PROCESSING

Automatic hot shear

TO REPLACE a billet heater SKF Rolamentos SA in Brazil developed an automatic hot shear. It enables a bar to be fed mechanically through an electric induction heater and a hot shear to cut an accurately cut and reheated billet at the forge.

GKN says that compared with separate cold shearing, integrated hot shear line economies and other advantages which can be exploited in a run, largely by eliminating a — and space-consuming — stage storage and handling of the billets.

The line comprises a 23 ft long automatic bar rack with hopper feed to an index device which feeds single bars to an SF22 300 kW automatic controlled induction heater powered by a 3 kHz static inverter and able to heat 940 lb of steel/hour.

Heated bearing steel bars, to 51 mm. diameter, are passed to a Lamberton hot shear, which works on a cut-to-weight basis providing lengths of from 82 1/2 in. to the forging line a maximum of 840 pieces/hour. Weight range of the cut length varies between 0.86 and 1.6 lb.

SKF Rolamentos intends work with one bar size a shorting only bearing housing but the line can be reset to a different bar size.

GKN Birvelco (Unilever) which is at Church Street, N. port, Great NPT 2TW (04 63021), says a French company has also expressed interest in the line.

HARRIS TRUST AND SAVINGS BANK, LONDON BRANCH, ANNOUNCES MOVE TO NEW LOCATION.

We wish to inform you that Harris Trust & Savings Bank, London Branch, whose previous address was 48 Gresham Street, London EC2V 7AQ, will move to more spacious quarters on May 17, 1976. The new address will be:

Harris Trust and Savings Bank
48/54 Moorgate
London EC2
ENGLAND

The new telephone number will be: 01-628-5261.
The cable address (Harrisbank, London EC2) and telex number (884932) will remain unchanged.

Robert E. Vanden Bosch
Vice President & General Manager



Harris Trust and Savings Bank, 48/54 Moorgate, London, EC2P 2DH.
Member Federal Deposit Insurance Corporation, Federal Reserve System.

ELECTRONICS

Logic board tester

DESIGNED to test large numbers of complex digital logic assemblies in a short time, DTS 70 from Hewlett-Packard offers go/no-go and fault isolation. Up to three test stations can be used at the same time and programs can be written and edited on the system controller while one test station is in operation.

Computer and peripheral manufacturers, makers of industrial process and production control equipment, and manufacturers of communications systems are among the potential users. Anyone engaged in large volume production of complex printed circuit assemblies is expected to benefit from the system's ability to rapidly test a variety of sizes of boards.

Go/no-go testing is fast — typically a few seconds for moderately large logic assemblies — and fault isolation using the guided probe is accurate and quick, typically less than a minute. This is accomplished using both stored fault responses of logic assemblies (fault signatures) and measurements with a probe according to instructions supplied by the test system.

The 9571A is able to handle large logic assemblies to approximately 300 351-type integrated circuits. Up to 360 pins are available, programmable as either drivers or sensors and able to make measurements on most commercially available logic families.

Hewlett-Packard, King Street Lane, Wincoburn, Wokingham, Berks. Wokingham (34 774).

COMPONENTS

Devices from RCA

SEVERAL switching transistors and silicon diodes and memories are released by RCA.

Series 2N6308 combine high voltage switching ability with high speed. They are for use in off-line switching power supplies, high voltage inverters, switching regulators and motor controls. Collector-emitter sustaining voltages are between 350 and 450 V and peak collector currents of up to 1.6A can be handled.

MW4060D devices are 4096 word x one bit high-speed dynamic random access memories intended for use in large-scale high performance memory systems. They are available with access times of 200, 250 or 300 ns and make use of n-channel silicon gate MOS techniques. Power dissipation is typically 0.2 mW standby and 400 mW operating.

Also offered are 256 word x one bit fully static RAMs using CMOS/MOS circuits. Power dissipation is typically 10mW/bit standby and 0.1 mW/bit operating at five volts for a 300 ns cycle time. More from RCA Solid State Europe, Sunbury on Thames, Middx. (Sunbury 8551).

THE MIDDLE EAST DEVELOPMENT CONFERENCE-EGYPT THE NEXT FIVE YEARS

CAIRO — 7, 8 & 9 JUNE 1976

A conference organised by the Financial Times, Al-Akhar & Egypt Air

- Speakers will include:

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H.E. Dr M. Zaki Shafie
Minister of Economy and Economic Co-operation, Egypt
 - EGYPT'S POLICY FOR INDUSTRIALISATION
H.E. Issa Shafie
Minister of Industry and Mineral Wealth, Egypt
 - EGYPTIAN POLICY ON CONSTRUCTION AND THE ROLE OF INTERNATIONAL BUSINESS
H.E. Osman Ahmed Osman
Minister of Housing and Reconstruction, Egypt
 - THE TRAINING REQUIREMENT
H.E. Dr M. H. Ghanem
Vice Prime Minister, Egypt
 - THE POLITICAL ENVIRONMENT
H.E. Mahmoud Riad
League of Arab States
 - EUROPEAN ARAB CO-OPERATION
Dr Garrett FitzGerald, TD
Minister for Foreign Affairs, Ireland
 - THE CONTRIBUTION OF THE INTERNATIONAL FINANCIAL COMMUNITY
Dr K. Riechbacher
Dresdner Bank AG
- THE CONTRIBUTION OF THE UNITED STATES TO EGYPTIAN DEVELOPMENT
Dr Charles W. Hostler
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The Rt Hon Reg Prentice, MP
Minister for Overseas Development, United Kingdom
 - A EUROPEAN VIEW ON EGYPTIAN DEVELOPMENT
Dr Klaus von Dohnanyi
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Abu Dhabi Fund for Arab Economic Development
 - THE OPPORTUNITIES IN CONSTRUCTION AND THE APPROACH TO BUSINESS
Mr H. W. Francis, CBE
Tarmac Limited
 - EGYPT'S OIL RESOURCES
Eng. Mohamed R. El Lathy
The Egyptian General Petroleum Corporation

The fee of US\$450 covers all refreshments, cocktail, lunches, receptions, a dinner on the evening of 7 June and conference documentation.

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مكتبة الامم المتحدة



Revenue proposals attacked

Financial Times Reporter

CONSERVATIVE MPs continued their campaign in the Commons yesterday against proposals in the Finance Bill to increase the powers of the Inland Revenue.

Mr. Nicholas Winterdon (C., Macclesfield) asked how many letters the Chancellor of the Exchequer had received from members of the public in connection with the proposals in the Bill to permit tax inspectors to enter private premises.

Mr. Robert Sheldon, Financial Secretary, replied: "One letter has been received by Mr. Joel Barnett, the Chief Secretary to the Treasury. I cannot trace any others at present."

Mr. Winterdon also asked if tax inspectors would be permitted to confiscate any documents from a householder if they judged that such documents were necessary to their investigation.

Mr. Sheldon answered: "Under the proposed Schedule 6 of the Finance Bill an officer of the Inland Revenue who enters and searches premises under a warrant from a Justice of the Peace in cases of suspected tax fraud may remove any documents which he reasonably believes may be required as evidence in proceedings in respect of such an offence."

"Such documents are returnable at the end of any proceedings or if eventually not required."

Replying to a further question by Mr. Winterdon, Mr. Sheldon stated that an officer of the Inland Revenue when so authorised by a warrant issued by a Justice of the Peace under the proposed new powers, may enter premises covered by the warrant and search them whether or not the owner is present.

Broadcasting plea...

PERMANENT broadcasting of Parliament should go ahead as quickly as possible, Mr. John Evans (Lab., Aberdeen) said in the Commons yesterday. He urged a speedy report by the joint Commons and Lords Committee, now considering the subject.

Mr. William Price, Parliamentary Secretary, Privy Council Office, said that as a member of the committee, he also hoped a report could be produced urgently. But difficult problems included accommodation and the type of broadcasting.

...and faster work study

MR. MICHAEL FOOT, Leader of the House, yesterday announced the setting up of a Select Committee to look into ways of streamlining Parliament's work.



"I haven't been so happy for years."

For many elderly people, going into a "Home" seems like the end of the world.

Nevertheless, our headline is a typical quotation from one of our residents' letters.

The Distressed Gentlefolk's Aid Association runs a particular type of Home for a particular type of person. Not just what is implied by the "Gentlefolk" in our title but anyone, man or woman, who will "fit in" with our other residents.

We have to Homes in all. Some Residential, some full Nursing Homes. Anyone who needs a Home but who lacks the necessary financial resources can apply to the DGAA for help.

Places are short, because money is short. Your donation is urgently required. And please, do remember the DGAA when making out your Will.

DISTRESSED GENTLEFOLK'S AID ASSOCIATION

VICARAGE GATE HOUSE, VICARAGE GATE, KENSINGTON LONDON W8 4AQ

"Help them grow old with dignity"

Rees set on review of border procedure after SAS charges

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

GOVERNMENT aggravation over the charges brought by the Irish authorities against the eight SAS members showed clearly in the Commons yesterday despite Ministerial restraint in a further statement.

The procedures covering accidental border crossings such as occurred in the case of the SAS men last week must be reviewed to prevent misunderstandings, said Mr. John Concannon, the new Minister of State, Northern Ireland.

He agreed with a Tory questioner that there had been "quite a number" of accidental crossings—by the Irish Republican security forces into Northern Ireland as well as in the other direction by U.K. soldiers.

But only in last week's case had any charges been made. And this, it was clear, was the reason for the irritation betrayed from the Government front bench.

It is the usual practice when the mistake is discovered for the units, concerned to be informed and the troops to be returned," said Mr. Concannon.

Only the day following the arrest of the SAS men—who were brought before the Special Criminal Court in Dublin—there had been two further border-crossing incidents. "In both cases the matter was handled locally," the Minister told the House.

"In one case, the border was crossed during an agreed change of escorts."

Mr. Merlyn Rees, Northern Ireland Secretary, who visited troops in border areas May 8, is determined that the procedures in such cases should be reviewed to prevent misunderstandings.

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MR. JOHN CONCANNON

"Accidental crossings both ways."

Mr. Concannon indicated that every viable method of co-operation would be open to discussion.

Mr. Airey Neave, Opposition spokesman on Northern Ireland, deprecating any contention that the SAS were not performing their duties in a less than praiseworthy manner, also stressed that Irish Republican forces had made inadvertent border crossings without anyone making heavy weather of the incidents.

The Minister was also asked if the Government had applied for the extradition of the two escaped prisoners now held in the Irish Republic.

Mr. Concannon said the new Act making provision for extradition from the Republic would not come into effect until it was signed in a few days time.

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Minister denies wide aid misuse

FINANCIAL TIMES REPORTER

THERE IS no evidence of widespread misuse of assistance provided by the Government under the Industry Act in Wales, although an allegation concerning one Welsh firm is still being investigated, Mr. John Morris, Secretary for Wales, told the Commons yesterday.

He had been questioned by Mr. Fred Evans (Lab., Caerphilly) about serious allegations made against firms in the Rhymney Valley by the chairman of the Welsh Nationalist Party.

The allegations, he said, had received intensive publicity although "apparently the courage to name the firms publicly is lacking."

Mr. Morris stated: "Since I took over responsibility in Wales for assistance under Section 7 of the Industry Act, I have received representations which name only three firms."

"I have no evidence of widespread misuse. In two cases no evidence was found to substantiate the allegations. The remaining case involves an allegation which falls within the responsibility of the Secretary of State for Industry who is at present looking into the matter. I have nothing to add."

Mr. Morris also said that the Government was not performing their duties in a less than praiseworthy manner, also stressed that Irish Republican forces had made inadvertent border crossings without anyone making heavy weather of the incidents.

The Minister was also asked if the Government had applied for the extradition of the two escaped prisoners now held in the Irish Republic.

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LABOUR NEWS

London busmen say yes to £2

BY DAVID CHURCHILL, LABOUR STAFF

PAY RISES of less than £2 a week were accepted yesterday by London's 23,000 busmen. The busmen, mainly members of the Transport and General Workers' Union, reluctantly agreed to the increases after having initially pressed for substantial rises to keep pace with the increase in the cost of living.

Under the settlement, back-dated to the beginning of April, London Transport bus conductors will receive a supplement of £1.94 a week while bus drivers will get £1.82. Drivers of the one-man operated buses will receive an increase of £1.17. The rises will not count in calculating overtime pay.

TGWU representatives accepted that, despite pronounced negotiations, the threshold increases given over the past year had to be offset against the £6 allowable under present pay policy.

The LT workers, who were one of the few public sector groups last year to win threshold increases, were due to renegotiate their pay from this opposition, had been given three months.

Mr. Edwards is in charge of the Certification Office set up under the Act.

He was explaining the criteria by which he and his staff decided whether to issue a certificate of independence, which allows a union to take recognition claims to the Advisory Conciliation and Arbitration Service, and ultimately seek a ruling from the new Central Arbitration Committee.

No applications, for a certificate, have yet been refused, despite objections by "civilians" in some cases. So far 74 unions have received certificates, of which 60 are TUC affiliates. Applications from 83 more, applied for certificates.

Of the 436 bodies listed as unions under old legislation, 153 have received or have applied for certificates.

However, we do not regard the result of these calculations, or indeed any other factor taken in isolation, as absolutely conclusive.

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The Executive's World

EDITED BY JOHN ELLIOTT

AST
urged
back
protes

Big brewers have had to contend with one of Britain's few effective consumer pressure groups. Ken Gooding assesses CAMRA's impact both on drinking habits and on the industry's products.

Pressure for real ale

CHRIS BRUTON is a 31-year-old research chemist who has set himself up as the spokesman for Real Ale, the consumer organisation which has fought the public's fancy more than any other such pressure group over the past few years.

Formed in 1971, it has grown to a membership of 30,000 and is able to put over its case extremely effectively, aided to great extent by a willingness among newspapers, radio and television to give the Campaign time and space.

But CAMRA—whose 30,000 membership compares with 50,000 in the broader based consumer Association—has reached a crucial stage in its development. It has just become a limited company, which is one sign of its need to tidy up its structure and concentrate on moving out of a loss-making rut.

There are also some ominous signs that it might be running out of steam. Certainly, after a very fast rise, the membership total has levelled off.

When it was set up, CAMRA's immediate aims were to support the continued production of cask-conditioned ale, that is beer which is fermented in casks as opposed to that which is pasteurised at the brewery and delivered to pubs and other outlets in sterilised kegs. It also promoted the dispensing of beer by handpumps or gravity rather than by gas pressure.

Revitalisation programme

Perhaps its luckiest moment in the early days was when it changed its name. It started as the Campaign for the Revitalisation of Ale which was too much of a mouthful, although an exact explanation of its objectives. The inspired use of the expression "real ale," which replaced the old title, not only captured the public's imagination but infuriated a good part of the brewing industry.

By using "real" for the beer, it seemed to be suggesting that other beers were "false" or "artificial." This is something brewers have been denying with great fervour ever since the expression became established; but their objections have not been helped by the way some of the smaller brewing groups have used the term to promote their own beers. Even Chris Bruton says: "There is nothing nasty about keg beer—it is just characterless."

He maintains that CAMRA's big success so far has been to bring the issues to the notice of a public which previously seemed to have little or no interest in the way the older

beers were disappearing—the number of brands available has been halved to around 1,500 since the late 1960s when the Monopolies Commission suggested pruning would be economic.

Other changes affecting the types of beer since the war seemed to emphasise the public's growing disenchantment with the cask-conditioned product. In the 1950s, sales of bottled beers soared. These were pasteurised beers and "dependable" at a time when the art of looking after cask-conditioned beer properly in pubs was on the decline.

The public then returned to draught beer when the "keg" types arrived on the scene so that "kegs" now account for 20 per cent. of total beer sales compared with only 2 to 3 per cent. 15 years ago.

Lager sales accelerated

While the kegs dominated the 1960s, the major success in the 1970s has been lager. During the past decade, sales of this style of beer have accelerated until it has taken an 18 per cent. market share and the forecasts are for it to gain at least one-third of all beer sales by the mid-1980s. Against this prediction, the revival of interest in cask-conditioned types is, as one might put it, "small beer."

Norman Sprunt, retail director of Whitbread London for example, has said that this type of beer "will find its own level, forming a relatively small proportion of the total beer volumes."

And Watney's marketing director Anthony Tennant maintains: "There is a market for this type of beer but it is not as important as some people would try to make out—although for some, small brewers the revival of interest has been very important indeed."

The impact that CAMRA has had on the brewing industry has also been over-rated in other ways. Its membership, to start with, is concentrated mainly in the South East—half the total live south of Bedford. The reason for this is that in most other parts of the country there is no shortage of cask-conditioned beers.

The brewers say that two points of beer out of every ten sold in Britain are "cask-conditioned." But this ignores the CAMRA insistence that the beer should also be served without the use of gas pressure. Chris Bruton estimates that between a quarter and a third of the pubs in England and Wales serve some beer this way—but adds that the geographic spread of these pubs leaves much to be desired.

Courage, for one, admits that CAMRA was the main influence behind its decision to put hand-pumps back into its pubs. But even so this has involved only 150 pubs out of the 900 owned by Courage in the Greater London area—although it says there might have been more if it could obtain enough hand-pumps and beer engines.

But Watney has turned its back on the idea of the old-style gravity pump and, with CAMRA's co-operation, has developed an electric pump which does not use gas to serve the beer. Again, though, this affects only the 150 pubs at which Watney is testing its new cask-conditioned beer—that is 10 per cent. of its total London pubs.

CAMRA has also gained a reputation for "bashing the big brewers" and, therefore, of championing the cause of the small fry. For example, there was a tendency for newspapers to give CAMRA all the credit when the smaller brewers reported that their sales were continuing to climb during the first two months of this year at a time when total U.K. beer production slumped significantly.

While the publicity about the quality and strength of beer played some part in the sales figures, much more important was the fact that the small brewers were well placed because of their concentration on relatively cheap beers at a time when the public was trading down to cheaper beers.

Neither has CAMRA been, as some would suggest, the "saviour" of the small brewing companies. It has been the "tied" house system, unique to the U.K., which has stopped the majority of small brewers going out of business completely. This system, whereby the brewer owns retail outlets which are "tied" to his beers, ensures that the smaller companies survive the enormous pressures put on them, by their "national" rivals with their "tied" pub system.

The followers of CAMRA have, however, created a new interest in "cask-conditioned" beers and it has, therefore, been in the commercial interest of the bigger brewers to give the public what it is asking for—while charging quite a hefty price for the product.

CAMRA has not, on the other hand, been particularly successful as far as the less populated areas of the country are concerned.

Run by a manager

And, although CAMRA insists that tenanted pubs are more congenial than those run by a brewer's manager its investment company uses managers simply because it could find no other sensible way of operating.

But it is important to stress that there is no corporate link between CAMRA and the investment company although of course there are shared ideals and a CAMRA shareholding.

Bruton admits that CAMRA itself is a middle class organisation and there are three graduates on the national executive. He points out, however, that people need to have time to spare to work for the campaign and they also need to have organising ability. (Oh this score CAMRA received a salutary lesson at a Covent Garden beer festival last year where, not only were the crowds kept waiting in crowded conditions and the beer often served up in poor condition, but some actually managed to walk away with £1,700 of the takings.)

CAMRA now has a full-time staff of nine working out of its headquarters in St. Albans, Hertfordshire.

Much more important than being too middle class, says Bruton, is that the CAMRA membership is too young. He seems to have an answer to that particular problem except that CAMRA must confirm its role as "a consumers' organisation for all people who use pubs."

He hopes to shift the emphasis



Dr. Chris Bruton, chairman of CAMRA, with the type of Watney beer his organisation opposes and a brewers' dray from the "cask conditioned" house of Young and Company.

away from CAMRA being how tight it has become. "anti-keg, anti-gas" and in CAMRA must also give up future to concentrate on such any idea that it might achieve topics as what goes into beer much at branch level, he says, and its availability and distribution. He also wants objectives by concentrating on CAMRA to become more involved with the people working in the brewing industry through "big six" breweries. That developing closer contact with the unions involved.

On beer ingredients, Bruton says: "The taste in beer comes from malt and hops. Brewers are putting in flake maize and rice and even pasta flour is being used. We feel the industry should be made to follow the standard practice in the food industry and state the ingredients used and the additives used."

Bruton also feels that the "tied" pub system has not been entirely in the best interests of the consumer and CAMRA is compiling dossiers on the monopoly grip some wider areas have found the following it needs if the campaign is to survive.

BOOK REVIEW

Insights to law on competition

Guide to Registration, Office of Fair Trading, free.

Competition Law of Britain and the Common Market, by Valentine Korah, pp.311, HB £8.00, Paul Elek, London.

Competition Law of the EEC, Supplement to September 1975, by James P. Cunningham, pp.397, HB £8.50, Kogan Page, London.

Antitrust Policy versus Economic Power, by Jack Aarts, pp.456, HB, D.P. 69.00, Stenfort Kroese, Leiden.

Europe's Rules of Competition, by Busino International, Geneva pp.251, PB price not stated.

Competition Law of the EEC is a more structured book, focused not so much on the "dynamics" as on details of rules and decisions. The Supplement now published includes analysis of the many important decisions made in the three years from September 1975. The range from the great monopoly cases of Continental Can and Commercial Solvents to the series of trade mark and patent licensing cases which still continues.

Korah's and Cunningham's books are complementary, the first informing more about the way anti-trusters think, the second setting out the results of that thinking for quick reference by company lawyers.

The last two books also provide a useful contrast. The report prepared for Business International by Thomas Rauschenbach is a bird's eye view of competition rules, not only of the EEC but also of the individual member States and other countries of Western Europe. The German section benefited from the experience of the author's father, Dr. Gerhard Rauschenbach, a leading practitioner in Germany. The other parts do not reach the same "definitiveness," but within the space available provide a wealth of information presented in a very readable style, a Europeanised version of American business journalism. These with an appetite for a really substantial anti-trust feast will find it in Leonard Scott's translation of Aarts' well-documented study. It is an excellent source of information about the U.S. roots of anti-trust and a very interesting screening of some of the European developments in this field through the mesh of American concepts. It is a book for those who are interested in the history and fundamental problems of efforts to check economic power of enterprises.

A. H. Hermann

Incomes policy

THE QUESTION of how to achieve a high output, high earnings economy based on full employment will be discussed in a "one-day conference" today entitled Pay and Incentives Policy after the 58 limit. Organised by the British Institute of Management, the conference will discuss such things as whether there is a formula to satisfy the needs for inflation control, fairness and protection for the lower paid. The conference is at the Hilton Hotel, by contrast, Cunningham's Park Lane.

Foreign jobs attract

THE ATTRACTIONS of working overseas because of the lack of financial incentive and other factors in the U.K. remain strong, according to a management consultants' survey carried out among 396 executives. One leading overseas appointment is reported to have attracted applications from 34 finance directors of large U.K. companies and from 146 financial controllers of other leading U.K. and international companies.

The survey, carried out by Merton Associates (Consultants), showed that of the 396 sampled, 71 per cent. put "lack of adequate financial reward for effort" as a reason for seeking an overseas appointment, while 62 per cent. considered current Government policies to be a disincentive. More than one quarter felt a move abroad was the "only means of keeping children at public school," and almost 40 per cent. felt they could no longer afford to remain in the U.K.

But, despite this, few felt that Britain was a lost cause. Only 18 per cent. thought that "Britain is in decline." My future has to be abroad." And just under one fifth were seeking "new, challenging environment/pioneering spirit" overseas.

A somewhat surprising result of the survey was the relatively low proportion of the sample—36 per cent.—who considered that "taxation has removed my incentive."

It was felt by the Merton survey that the overall quality and number of responses to its questions was high. When executive searching activities were carried out more people than on previous occasions had shown a total willingness to investigate an overseas appointment, even if they were well settled in their U.K. environment.

Merton commented that the significance of its findings had been underlined recently with the issue by the Government of an analysis of all executives on the files of its professional and executive recruiting department, which showed that nearly 30,000 executives were wanting to leave Britain. This represented one-third of the total number on the register.

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TUESDAY, MAY 11, 1976

A sane voice in politics

THE RESIGNATION of Mr. Jeremy Thorpe from the leadership of the Liberal Party is likely to be viewed in two quite different ways. The first which concentrates on the immediate events surrounding his downfall, leads to the conclusion that he has been very hard done by. The second, which concerns itself with the wider political circumstances, tends to the recognition of a certain historical inevitability about the process.

There are elements of truth in both these attitudes. Mr. Thorpe's defenders are entitled to share his own evident disgust at many aspects of the affair. It is clearly unsatisfactory that allegations of the kind made by Mr. Norman Scott can be made and reported under the protection of judicial privilege. It is regrettable that many of Mr. Thorpe's Liberal colleagues in Parliament should have shown so little loyalty or liberality in their handling of a story which, even if it were true, would affect so many years of no particular business of the world at large. It is undeniable that some of the Press handling of the issue has been needlessly cruel and tasteless.

No evidence

It may be said on the other side of this argument, and with some truth, that Mr. Thorpe himself has not handled matters very wisely and that a good deal of trouble could have been avoided if he had given a full account of his relationship with Mr. Scott at the beginning. But to this day there is no evidence either that Mr. Thorpe has lied to his colleagues or that he was personally party to the payment of money to keep Mr. Scott's mouth shut. On these points the onus of proof lies with Mr. Thorpe's critics, and it has not been discharged.

At the same time, political leaders cannot escape the facts of political life. One of these is that their position can only be justified by political success and another is that in the absence almost any excuse will be used to remove them. Seen in this context, Mr. Thorpe's decision to resign is a sane and engaging voice in British politics.

His resignation will not in itself provide the solution to the dilemma, but it will at least give the Party a fresh chance to tackle it. It is no reflection upon an able and honourable politician to say that much as one may deplore the manner of his departure, Mr. Thorpe's natural sense as leader of the Party was very near its end. He was and is a sane and engaging voice in British politics.

Outlook for higher prices

THE preliminary estimate of the volume of retail sales in March has now been revised quite substantially downwards. Instead of 106.5, it is now put at 105.5, compared with the 107.1 of February. This suggests even more strongly than before that the rise in spending at the beginning of the year was mainly due to bargain-hunting at the annual sales, which were in many cases more prolonged than usual.

This drop in the volume of retail sales is clearly an effect of the squeeze on personal incomes, caused not merely by the general observance of the £6 voluntary ceiling on wage increases but more fundamentally by the recession and the unusually high level of unemployment. Recently, in fact, prices have been rising faster than earnings, and this is a process which must be expected to continue. The Chancellor has given warning that average living standards will continue to decline, though more slowly, in the coming year.

And it is clear that, even if he gets somewhere near his inflation target for the end of 1977, prices are likely to continue rising faster than earnings for some time to come.

Costs jump

Some indication of future movements in the cost-of-living index can be gathered from the wholesale price indices: those for April were published yesterday. The index of prices for home sales of manufactured goods is not so remarkably good as in the previous month, when it rose by only 0.6 per cent. It was up by 1.1 per cent, about a fifth of which was due to the first effect of the higher tax on drink announced in the Budget. But the output price index as a whole has risen by

only 31 per cent. in the past three months, compared with 6 per cent. in the same period last year.

But the index of input costs tells a different and far less cheerful story. In March, the costs of industries other than food, drink and tobacco rose by 4.8 per cent., the largest increase in a single month since the oil crisis began to make itself felt at the beginning of 1974. In April, however, these costs rose by a further 4.2 per cent. Raw materials costs for the food processing industries rose relatively little. The main cause of these sharp rises was the fall in the value of sterling, exacerbated by increases in the world price of some important raw materials.

Profitability

It was inevitable that the fall in the exchange rate would raise the price of essential imports while giving an extra competitive edge to exports. It was, no doubt, a realisation of the consequences of a further drop which caused the TUC General Council to reach agreement with the Government so quickly about the shape of the next stage of voluntary pay restraint. If their proposals are passed by Congress and reflected over the months ahead in the behaviour of actual earnings, sterling may well recover some of the ground it has lost recently. Apart from its effect on the attitude of those who hold sterling, however, continued and effective wage restraint at a time of rising output would greatly assist to make U.K. goods more competitive and industrial profits more healthy. The fact that the TUC has agreed to certain revisions in the Price Code suggests that it, too, may be beginning to see the importance not only of profits but of profitability for employment.

The textile industry is criticised by Whitehall for its performance in design and exports, but many countries are suffering from the big shift to the East. Rhys David says the Government has 'goodwill.'

An uphill stretch for textiles

AS TEXTILES begin trying to climb out of their worst recession since the war, the industry is weighing up the latest indications of the Government's attitude to its problems. For at a conference organised by the British Textile Confederation in Harrogate recently, a gathering of industry leaders, including the chairmen of several of the biggest U.K. concerns, faced a fairly uncompromising address by Sir Peter Carey, who as Permanent Secretary at the Department of Industry has the greatest influence within the Civil Service on the shape of industrial policy.

Sir Peter spoke only days before the TUC's textiles, clothing and footwear committee presented its own case to the Government for further action to help the industry. The TUC pointed to a drop of some 72,000 jobs in textiles and clothing over the past two years—far more than were threatened by the possible closure of Chrysler—to a 32 per cent. drop in investment in 1975 and to a trade deficit for the industry of £224m. last year.

Pull up your socks

The TUC told Mr. Eric Varley and Mr. Edmund Dell, the Secretaries for Industry and Trade, that there were dangers that the steady reduction in the size of the industry may have reached the point where some links in the chain of production from raw material to end product may break.

For his part Sir Peter mixed some remarks on the importance of the industry as an employer, exporter and growth sector, and on Government support already being advanced, with some rather stiff calls for it to pull up its collective socks. The industry's record in terms of design, and in particular its performance in export markets were singled out as areas where very substantial improvements should be made.

But although the various contributions at the conference may have suggested that both sides were restating their positions—the textile industry looking for more protection and the Government stressing the need for the

industry to improve its performance—there were perhaps some signs that more common ground now exists between the Government and the industry than for some time past.

The latest appeals from the industry for further action to deal with the problems caused by low-cost imports have coincided with the publication by Comitextil, the federation covering the main EEC textile associations, of a report which shows very clearly what has been happening to trade flows globally in the past 15 years.

It is now clear that a very substantial movement to both the developing countries and the State-trading countries has occurred in textile and clothing manufacturing over the past 10 years and during the 1970s in particular—with Europe and Japan, though not the U.S., managing to increase their share of textile and clothing exports to industrialised countries from 30 per cent. in 1970 to 42 per cent. in 1974 with their share of clothing exports alone rising from 41 per cent. to 57.8 per cent. Industrialised countries' sales to each other dropped from 65 per cent. of total exports to 51 per cent. While over the same period the EEC remained the world's biggest exporter of textiles and clothing with total exports doubling from \$3,650bn. in 1970 to \$7,450bn. in 1974, its imports climbed from \$2,074bn. in 1970 to \$6,743bn. The surplus the EEC was still managing to

maintain on its textiles trade with the rest of the world in 1974 has probably been wiped out over the past year.

But although there has been a significant movement of manufacturing capacity and production to the East it is also clear that only some countries are benefiting from increased access to world markets, a point which, as much as the need to continue overall liberalisation of trade, should worry development bodies, like UNCTAD. These bodies are aware of the problems of increasing rich-poor divisions among the Eastern countries. The U.S. performance in world textile trade over the past few years is also interesting and suggests that, even after allowance has been made for a more restrictive approach towards imports, the competitive position of the U.S. industry has greatly improved.

The U.S. has been pricing exports very keenly to Europe during the present recession—partly as a result of lower fibre feedstock costs—and has managed to increase its sales abroad by 180 per cent. between 1970-74. Imports grew over the same period by only 64 per cent.

The result has been demands by the industry for some indication that the U.K. Government or the EEC is prepared to recognise continued surges in import penetration as a source of possible long term damage, and to be willing to act. In particular improvements are being sought

in the GATT Multi Fibre Arrangement (MFA), which now regulates world trade in textiles, when the next stage, due to begin at the end of next year, is negotiated.

Beating quotas

Though under this agreement the growth in imports from developing countries is limited to 6 per cent. per annum and much less where one country within the EEC has traditionally imported very large quantities from a particular source, the mechanism is generally felt to have been less effective than it might have been because of the recession. At a time of falling demand the assured growth rates given to the developing countries—anticipated in many cases by massive advance shipments designed to beat quotas or set high levels for quota—have been less effective than it might have been because of the recession. At a time of falling demand the assured growth rates given to the developing countries—anticipated in many cases by massive advance shipments designed to beat quotas or set high levels for quota—have been less effective than it might have been because of the recession.

In dealing with these points Sir Peter Carey was clear that the Government will be offering at least some of the assurance that was being sought. He made it clear, as was expected that the U.K. is committed to continued liberalisation of world trade in textiles and is unlikely to countenance any moves that would lead to a cut in imports.

Sir Peter did state, however, that the Government was

U.K. TEXTILES AND CLOTHING

	1968	1969	1970	1971	1972	1973	1974	1975
Textile fibres								
Exports	93.2	101.8	96.4	87.3	106.1	172.1	201.8	183.5
Imports	219.4	210.4	183.9	150.0	213.7	322.4	310.5	263.4
Balance	-126.2	-108.6	-87.6	-62.7	-105.6	-150.3	-108.7	-79.9
Textile yarns, fabrics								
Exports	309.3	348.4	374.3	425.8	445.4	589.5	745.8	698.2
Imports	231.2	238.7	256.4	324.9	369.7	514.9	688.2	682.8
Balance	+78.1	+109.7	+117.9	+100.9	+75.7	+74.6	+75.6	+115.4
Clothing								
Exports	84.5	106.5	123.1	129.5	144.3	179.4	230.0	245.5
Imports	110.1	124.5	129.4	178.2	218.8	333.6	402.4	505.1
Balance	-25.6	-18.0	-6.3	-48.7	-74.5	-154.0	-172.4	-259.6

Source: Department of Trade

MEN AND MATTERS

From academic to watchdog

"The academic world is not so remote or ivory towerish as it once was, and many people at universities are involved in outside interests." That was Gordon Borrie yesterday explaining why he felt that his predominantly academic background and lack of direct industrial experience should not be a handicap in his new job as Director General of Fair Trading.

Certainly no one could accuse Borrie of an ivory tower attitude. One of his major academic interests as Professor of English Law at Birmingham has been research into justice as it actually operates on the ground, and it was partly this interest in the consumer end of the legal profession which drew him into the wider realms of consumer protection.

Borrie says that his involvement in these areas can be traced back to the Moloney Report of 1962 which subsequently led to legislation on hire purchase and to the Trade Descriptions Act of 1968. Following that report Borrie got together with Professor Aubrey Diamond and in 1963 they produced "The Consumer, Society, and the Law." Up-dating this a third edition was published in 1973 has helped to keep Borrie in touch with the welter of consumer legislation—including the Fair Trading Act itself which established the Office of Fair Trading in 1973.

As an acknowledged expert on the legal side Borrie has helped to frame some of the legislation. Although he takes no credit for setting up OFT he is a fan of the system, and describes it as "a triumph of ingenuity on someone's part."

Borrie is also a fan of his predecessor, John Methven, the

first director general of Fair Trading, who now moves on to become Director-General at the CBI. Borrie says that he plans to continue Methven's strategy of obtaining voluntary codes of conduct from industry and commerce rather than going through the heavy-handed process of enforcing codes set up by statutory instrument. He claims that he has no particular consumer axe to grind at the moment but adds: "Mind you, things might be different when I have got my feet under the table."

Under the sun

After that glorious week-end, the International Solar Energy Society probably chose a good day to talk about getting the sun to do some of the work which has up to now fallen to more humdrum commodities like oil and coal. With sun-tanned limbs all round, no one yesterday felt inclined to query the claim by Professor John Page, chairman of the society's British branch, that Australia receives only twice the solar radiation of the U.K., and the U.S. less than twice as much.

Page refused to be drawn by chirish suggestions that he had rushed out a bulky and very bullish report on British prospects on solar energy to counter the official view which is due soon in a study by the Department of Energy. That is likely to be a good deal less enthusiastic about sun spending.

The spoilsport Energy Department has already produced an initial assessment that no more than 0.8 per cent. of our energy needs could be sun-fulfilled by the year 2000. Page's study claims that the figure could be 10 or even 20 per cent. The disparity appeared to worry some rather sun-shy solar buffs lined up alongside him in the Royal Institution's



"It's part of his nationalisation plan—wash them one week and praise them the next."

lecture theatre, but Page radiated confidence. He reckoned the British section of the society faced "phenomenal growth," already being the second largest branch after the U.S.

As for the 375-page study itself, the main purpose is to persuade Government to step up spending on harnessing sunbeams, and Page said so great was the rate of progress on solar research and development that "bits of it are already out of date."

Down to the sea

The changing world of U.K. shipbuilding will be reflected at this year's Posidonia exhibition, the shipping and shipbuilding world's biennial equivalent of the London, Paris and Geneva motor shows rolled into one. Once, most of the big names among British yards would have

been represented. But for the 1976 exhibition, being held in Piraeus next month and organised by the Greek Government and Greek shipowners, only Harland and Wolff, Cammell Laird and Austin and Pickersill are going.

That leaves out quite a few famous names, surprising at a time when British builders are desperately casting around for orders. The token attendance comes, of course, on the eve of the industry's nationalisation. So that doubtless dampens enthusiasm, and companies not intending to put themselves on show also talk in general about rising costs and the fact that the Association of West European Shipbuilders has chosen the same week to hold a meeting.

However the lack of a British presence should be countered to some extent by the Canadian ex-lawyer J. Graham Day, who is chief executive-designate of British Shipbuilders, the State body which will take in the nationalised concerns. One of his priorities after vesting day is to give our shipbuilding industry a much sharper selling edge. Posidonia should provide a forecast of Day's tough, order-winning life to come, as the Japanese will be there in force.

Risk element

Excess Holdings, the insurance group, decorates its annual report with montage work of some of the bulkier insurable items. On one page, Concorde (I think) is banking sharply with its left wing tucked just behind a large oil tanker. The tanker appears to be moored at an oil refinery which the nose of the plane might just clear. It all looks like an insurer's nightmare.

Observer



Nevertheless the Government's view apparently is that with the four biggest vertically integrated textile groups in Europe—Courtaulds, Carington Virella, Coates Paton and Tootal—Britain should be in a position to emerge as a major supplier to Europe. The smaller companies, which like the larger ones have the advantage of lower wage costs and, in competitive currency, are expected to emulate their bigger brothers.

Jobs at stake

The weakness which could dispel this vision could, however, be the EEC itself. Though the Community has achieved a fair degree of co-ordination in its approach to commercial policy in the MFA talks, in the industrial field the continued lack of cohesion as the EEC struggles to survive currency upheaval means that even country is still fighting for itself. With jobs at stake then has been a readiness by governments to come to the rescue or interfere in restructuring plans so that it may not always be the most competitive or efficient producers which will survive.

The EEC itself remains some way away from drawing up an industrial policy for textiles and its lack of action was recently the subject of heavy criticism during a debate in the European Parliament. Thus the co-ordination which is likely to be required if a competitive European textile industry is to emerge is at present missing, leaving each member to go ahead with its own plans to restructure the industry. Britain itself is doing this through various textile sectors, and other countries including France and Italy are also acting to support their industries.

It is perhaps some consolation for the U.K. industry that Government action in this country has preceded some of the moves elsewhere. It also now has an assurance of what might be termed Government "goodwill." The task in front of it, however, still looks to be fairly uphill.

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An organiser—yet he left the party as he found it

Mr. Thorpe's fatal flaw

BY JOE ROGALY

WHEN MR. JEREMY THORPE is elected Leader of the Liberal Party in 1967 there are 12 Liberal MPs in the House of Commons; in the previous General Election some 3m. people had voted Liberal. When Mr. Thorpe resigned yesterday there were 13 Liberal MPs; at the most recent General Election, that of October, 1974, the Liberals attracted 5.3m. votes. This increase in the Liberal vote from under a tenth to nearly a fifth of the total, without any significant increase in the number of MPs, is the simplest measure of both the achievements and the frustrations of the Party under the leadership of Mr. Thorpe. It is the only measure of the increase in the Liberal vote in parts of England made possible by the Conservative's failure to win either of the last two elections, while on the negative side it could be said that the troubles which have beset Mr. Thorpe's downfall have turned away so many Liberal voters that if there were a General Election now the vote might sink back to here it was when he started.

It is never possible to pin down precisely how much, if any, the personality of a particular leader counts when it comes to either attracting or repelling votes. But in 1974 Mr. Thorpe was widely believed to be a major asset for the Liberal Party, excellent on television, times the most-liked and most-trusted of the then three leaders (Wilson, Heath, Thorpe), and often the most charismatic. In his Edwardian

topcoat and hat, or in yellow sou'westers he would dash about the constituencies in which his party saw the most hope, sometimes by helicopter, sometimes by even so mundane a vehicle as a train.

The peak of his political success came after the February 1974 election, in which more than 6m. people voted Liberal and 14 MPs were returned. For a long week-end the country waited to see if he would accept the rather inadequate bait offered by Mr. Heath, if he would join a Conservative-Liberal coalition; at the end of the day it became clear that whatever individual leaders may have wanted, the Liberal Party (and probably the country) would not stand for it. But for most of the ensuing summer—until the October election—Mr. Thorpe basked in the unfamiliar limelight of a putative national leader whose some people had begun to take seriously.

curated; this is why he went.

John Jeremy Thorpe was born on April 29, 1929, the son of the late Mr. J. H. Thorpe, Conservative MP for Rusholme, Manchester. He might have been a successful Conservative politician: his grandfather was also a Tory MP and his education—Eton, Trinity, Inner Temple—would have been no barrier. Just why he did become a Liberal is a mystery to many of those who know him best, perhaps the reason is that even his closest associates seem to have found him a difficult man to know. "You would get endless stories, jokes, impersonations, and entertainment," said one yesterday, "but it was rare to have a proper conversation."

on at all. In the event, his residence astounded everyone; he returned to active campaigning in 1971, and in 1973 he married Marion, Countess of Harewood. From there he moved, perhaps with deceptive ease, to the political triumphs of 1974.

The series of headlines that led to his resignation really began only this year, but the apparent decline in Liberal support seems to have started before that—perhaps after the referendum campaign on British membership of the European community, which gave popular approval for a long-standing and originally Liberal policy.

Two events dominated the headlines. On January 29 a Department of Trade report on the London and County bank failure criticised Mr. Thorpe for his role as a non-executive director. Any politician who was not properly informed of the affairs of his company so that he could not make his own judgment on the propriety of transactions was "liable to be criticised as a non-executive director," the report said.

Liability

Yesterday, when he resigned, there was a deep division of opinion between those who chose to question the propriety of his response to the allegations and innuendoes made against him during the past few months, and those who were angered by what they saw as an unfounded campaign of vilification. But there was general agreement that, either way, he had become a liability to the Liberal Party. He himself con-

Retentive

Yet the stories, jokes, and entertainment served him well. In 1953, aged 26, he came second in North Devon—and four years later he won the seat, which he held ever since. His local knowledge, and his retentive memory for names, faces, and details of personal problems and famous; he has been a first-class constituency MP. He was 37 when he became party leader, and two years later he married Caroline Allpass. He seemed to be well on his way.

But in 1970 he suffered greatly. In the 1970 election the number of Liberal MPs was halved—to six—and a few days later his wife was killed in a car crash. He was left with a young son. Many people wondered if he could carry

Witch-hunt

Mr. Thorpe admitted "an error of judgment." On the same day the second blow fell: it is this that has since dominated the public discussion. An unemployed male model, Norman Scott, alleged in a Barnstaple court that he had had

Judgment

Yet Mr. Thorpe's fatal flaw does seem to have been lack of judgment. He admitted it in the case of the London and County affair, and it could possibly be proved against him in the case of his flirtation with the outgoing Heath Cabinet in February 1974. Some of his closest associates have produced examples of poor judgment as in people; his apparent lack of interest in ideology or issues is evidence of a faulty judgment in politics. As an organiser, an operator, and a public personality he was, for a while at least, a great success, but in matters of political thought, or fresh ideas, or national opportunities it is perhaps the saddest comment upon him that he seems to have left the Liberal Party much as he found it.



MR. EMLYN HOOSON MR. DAVID STEEL MR. JON PARDOE

THREE POSSIBLE CONTENDERS

MR. EMLYN HOOSON, QC, is one of the longest-serving members of the Parliamentary Liberal Party, having sat for Montgomery since 1962. He is the party spokesman on legal matters and is also the leader of the Welsh Liberal Party—a post which some say was invented as a consolation prize for him when he lost the leadership battle to Jeremy Thorpe.

He is certainly the most consistently Right-wing of any of the Liberal MPs. A long-standing opponent of high taxation, he is also a great defender of the small businessman. Occasionally he moves so far to the Right that his utterances seem to have only the most tenuous connection with Liberalism.

He is 51. Son of a Welsh farmer, he went to grammar school and later read law at the University College of Wales in Aberystwyth.

He has had an eminently successful career in the law, becoming Queen's Counsel in 1960, the youngest QC to be appointed since the former Lord Chancellor, Lord Kilnair, took silk in 1934.

DAVID STEEL, 38, is probably the most professional full-time politician in the Liberal Party. Most of his adult life has been spent at the House of Commons. At 27 he was the youngest MP at Westminster when he was elected for Roxburgh, Selkirk and Peebles at a 1965 by-election—a seat he has held ever since. His majority there—7,433—is the largest of any Liberal MP. A major asset is his consummate knowledge and expertise in the use of TV. A competent speaker, he has a cool, reasoned approach and marshals his arguments carefully. He is no rabble rouser. Politics seem to have dominated most of his life. After leaving the University of Edinburgh he became assistant secretary of the Scottish Liberal Party and was later President of the National League of Young Liberals.

A former Chief Whip, he is currently spokesman on foreign affairs.

He is on the Left of the parliamentary party and has consistently espoused radical causes. His greatest achievement was his private member's Bill on the reform of the law on abortion.

AS AN undergraduate at Cambridge it was touch-and-go whether John Pardoe, now the Member for Cornwall North (majority 3,358), went in for the theatre or politics. He was a leading member of the Cambridge Footlights Revue, where he was noted for his fine singing voice.

His stage experience has stood him in good stead as one of the Liberals' chief crowd-pullers at crucial by-elections. An impassioned orator with a volatile personality and an impressive bearing, he is probably the best stage-speaker in the party.

It is difficult to trace any consistent ideological thread in his career, whether of the Left or Right of Liberal philosophy. He was once a member of the Labour Party.

As the Liberals' spokesman on Treasury matters he appears to enjoy the heat of the political battle. In a typical recent pronouncement he declared the party had erred for too long on the side of caution.

He has pursued an active business career and is a director of the International Metal Company and a member of the London Metal Exchange.

Letters to the Editor

The new sobriety

From Mr. N. Stacey

Sir,—Let us hope that the TUC General Council will take Len Murray and his colleagues' lead in accepting the "new sobriety" average wage rise. The union have been asked for a specific performance in return for specific gains. Leadership by trade union members now—accepting less than hoped for—will keep non-trade "workers" demanding more in low wages, helping the survival of a stable society based on stable money.

Wages claims are one thing, but the purchasing power of money is diluted if wage awards are excessive. Under the magnifying glass it is revealed that payments mainly comprise of wages and salaries—whether such payment is made for work, goods or services. This fact underlines the crucial role of wages and salaries in determining prices and living costs.

Self-delusion about overpaying oneself is self-destructive; its consequences in living costs cannot be masked for long. Internally, it takes a little time for the top in the value of money to be externally revealed, but externally, foreigners' pocket calculators work more rapidly. Britain's failures in money management—from Governmental overspending to harsh taxation people and firms—are quickly recounted on the pound abroad.

I hope that our new sobriety in giving ourselves what we can or less afford will put a stop to the drift in living standards. All responding negatively to the future and putting all of us wage earners at risk is why the Healey-Murray agreement for the next twelve months may contain the seeds of new consensus about deserting and rewards—pressed upon us, less by the arguments and more by the march of events.

Technica A. H. Stacey, Horn Club, Mill Hill, S.W.1.

The private sector

From Rowena Mills

Sir,—I wonder how many of our readers are aware that last year while those in private industry earning more than £500 per annum were barred from any salary increase, and those below received only £5—of that much eroded by tax—use in public employment and nationalised industries were allowed to continue to receive increases in their salary in the form of annual increments. This is excused on the part of the government by the statement at those "increments" were part of the contractual arrangements and as such were not subject to the freeze.

While those in private industry were barred from such written arrangements, annual increments of the basis of merit have never been the tradition, and such ranked on an equal footing with civil service increments. Indeed, even those in private companies with similar increments were allowed. Moreover, while senior management now will be entitled to perhaps a misdirected £120 per week (assuming a top tax level of 70 per cent), civil servants of equal seniority will, like their private brethren, continue to receive substantial increments. Is this not yet another indication of the Labour Party's conscious and insidious attack upon the private sector? No, but we shall find the case of civil servants are, in some mysterious way, exempt from

the stringent new regulations proposed by the Government to apply to the unfortunate user of a company car.

I am among the self-employed. Over the past 15 years—in the course of travelling to various parts of the country for meetings, I have incurred a (modest) expenditure on food necessarily consumed during the course of that travel. Until this year, this has been accepted as an allowable expense against tax.

This year, I am informed by my tax inspector that, on the basis of a High Court decision (Gallagher v. HM Customs & Excise, [1975] 1 All E.R. 1000), I am no longer entitled to place such expenses against tax, because it does not "further the interests of the business." (Personally I find it more difficult to think clearly on an empty stomach, but this might just be a particular idiosyncrasy of mine). My colleagues, however, employees of large companies, can travel to a meeting in the North, can eat on the train, can present the bill to their company, which in turn can place this item against tax.

Clearly, since there is no logical explanation of this, we must assume it is simply an aggravation of the attack upon the non-resident sector of our industry that dares to put at risk both capital and career.

Rowena Mills, West Grays, Highercombe Road, Haslemere, Surrey.

Rates of pay

From Mr. E. Palamounik

Sir,—Professor Shepherdson (May 5) has indeed performed a service in highlighting some of the implications of our marginal rates of tax on professional and managerial groups, now ineffectively the highest in the world. It will be very useful to recall that one needs a gross salary of £53,000 to justify taking one's car to the garage and £100,000 to drink bottled beer.

Professor Shepherdson's inescapable conclusion, that we have succeeded in frustrating the principle of the division of labour, must be making poor Adam Smith turn in his grave and in his bicentennial year at that.

I am a trustee of a charitable foundation which finances academic research and teaching. Within the past week we have news that two of our best appointees are quitting their posts (one to return to the U.S.) because they can earn far more elsewhere and pay far less tax on it.

As another correspondent, Mr. Gouldman, implies, taxes have not been increased to these absurd levels because the majority of the people think they should be—let alone to raise revenue. Like many other recent measures, this policy reflects simply the prejudices of a minority who insist that greater and greater equality must be pursued at all costs—and get their views written into party manifestos. Until this process is sharply reversed, the decline of the U.K. will continue.

Three Ouzes, Tower Hill, E.C.3.

Management of technology

From Mr. L. Goodman

Sir,—Your contributor, Joel Stern (May 3) argues that the theory of pricing policies is the crucial element in business education and his article places emphasis on all the economic and financial expertise in this field. May I point out that unless somebody makes some attempt that somebody else wants

all this is purely theory for the sake of theory. Therefore, the management of technology, and particularly the management of technology, is the crucial element in business and management education.

L. London Goodman, 11, Castello Avenue, S.W.15.

Concentrating the mind

From Mr. D. Gook

Sir,—I was interested to read the comments by John Wedgwood, president of the Chartered Institute of Secretaries (May 7), on the preponderance of academic representation on governing bodies and consultative committees "at concern themselves with 'serious aspects of business education. It is a pity that more businessmen cannot spare the time to exert an influence at this level, rather than leaving it all to career educationists whose practical experience of industry and commerce is usually out-dated or non-existent."

Businessmen are often accused of being "anti-academic" by people who have had no exposure to the pressures of industrial life, but this should not deter them from participating in the development of business education. To do so heightens the danger that the institutions devoted to business education will produce too many graduates with degrees and diplomas in subjects that reflect the current vogue in academic thinking rather than their potential application to real life business.

Perhaps the time has come when we should begin to look more critically at the views expressed by some of the more outspoken business professors. Accountants, in particular, have allowed themselves to be talked into an accounting standards strategy and have lost sight of the fact that the purpose of published accounts is to inform and enlighten shareholders and not to confuse them.

When it comes to inflation accounting, we have heard many different opinions on how to go about it as there are academics to propound them. Most of these solutions are based on an obsession with tinkering with the balance sheet months after the inflation happened and they ignore completely the real problem of achieving the kind of selling prices and cost structures that will produce the cash flow needed to finance the replacement of stock and machinery. That is what accounting for inflation is really about. A few months at the sharp end of financial management concentrates the mind wonderfully!

Desmond Gook, 4 Fiddock Wood, Harpenden, Herts.

Business schools

From Mr. W. Purdie

Sir,—Having returned to industry after five years teaching in Britain's oldest established business school I read Mr. Joel Stern's article (May 3) with amazement and his evaluation list is open to considerable question.

He falls into the open trap—like so many peripheral commentators—of lumping post-graduate and post-experience teaching together. They are not the same, they should not be taught in the same way, and the methods of evaluating results are totally different.

He seems to put pricing policy as a fundamental priority yet detailed responsibility for this lies with only a fragment of total management and, as such, may be of only marginal significance to many managers. For example, in nationalised industries and

similar, quasi-governmental agencies market prices are not the criteria of the product there, for what is the point of emphasising it in management training?

It is equally wrong to suggest that micro and macro economics are inadequately taught in British schools or for that matter at under- or post-graduate levels in Britain. Where is the evidence for this assumption?

Mr. Stern seems to assume that management can only be, or is best, taught by academics alone. Surely this is about as relevant as teaching surgery by correspondence course. This may have validity of a sort at post-graduate level but academics with no practical experience are vulnerable to surrendering their credibility in face of the collective wisdom of a post-experience course. If the situation is half as bad as is suggested then perhaps the British Institute of Management should drop its campaign for professionalism and concentrate on management education.

British business schools are not as effective as they could be. Neither industry, the Foundation for Management Education, the Government, nor the BIM provide them with adequate funds to enable them to carry a burden of post-graduate schools in order to attract money and staff. The BIM, a mixture of post-graduate and post-experience are, frequently, an impediment to each other.

Since only about 1 in 40 of all managers ever go on to management course of more than one week's duration we are not, as a nation, well equipped. Those schools, however, which do exist give excellent value for money and have staff and facilities comparable with America and Europe. The constraints are financial not qualitative.

For Mr. Stern not to mention a single British lecturer in his list implies that there are none of quality outside business schools. I would suggest that it merely indicates that Mr. Stern has not done his homework and looked for them. They are there.

W. K. Purdie, 51, St. Andrew's West Street, Marlow, Bucks.

Apathy which kills

From the Managing Director, S. G. Whitaker, Ltd.

Sir,—Mr. Ron Hayward described the 25 per cent. turnout in local elections as "the apathy which kills democracy." Perhaps he would like to turn his attention upon certain trade union elections.

C. A. Coward, Hope House, Great Peter Street, S.W.1.

Curbs on car imports

From Mr. B. Oliver

Sir,—Wednesday's leading article on the right way to curb car imports does, if anything, underestimate the problem. There are at the present time already curbs on car imports in the shape of the hp controls. Mr. Healey admitted as much in his Budget speech: "I have decided against relaxing hp restrictions on motorcars in the present circumstances since this would be most likely to stimulate imports." So long as British industry cannot deliver the goods while overseas manufacturers can, any constraint on domestic demand must be a control on imports.

The recent impact of hp controls has probably been to cut back the home demand for cars below levels prevailing before the oil crisis. Car prices, however, have risen faster than imports, but

the extra real cost of cars cannot be ignored by lengthening the term of repayment because of the hp controls. I hope that the time is not far distant when the repaying period can be lengthened as part of a programme to restore a healthy home market for British manufacturers. It may be that the time has come for a more rigorous restriction on the import of cars, particularly from countries whose attitude to export marketing is not wholly conditioned by the normal profit motive.

Alan Oliver, 47, Borough Street, Brighton.

Community Land Act

From The Chairman, E. H. Bradley Planning Services

Sir,—May I draw attention to a little-publicised yet vital condition contained in a recently published Department of the Environment circular on the Community Land Act?

Under the Act land in the freehold ownership of a builder or developer of residential or industrial property since September 12 1974, is to be treated as excepted development and not, therefore, generally the subject of acquisition.

A prerequisite of establishing excepted status is the serving of a notice on the relevant local authority not later than October 5 1976. What is not generally recognised, however, is that applications made between April 6 1976, and October 5 1976, must be preceded by a notice giving details of their excepted status. This information, contained in paragraph 12 of Annex C to DOE circular 26/76 is by no means widely known either to local authorities or developers, and could lead to unpleasant complications for both, if not followed.

D. M. Gransby, Okeham, Wilt.

A giant step forward

From The Managing Director, World Trade Office, Federal Allways Corporation

Sir,—It is with sincere admiration that I commend Mr. John Edwards, your commodities editor, for the recent series of articles dealing with the International Tin Council (ITC), and Bolivia's threatened withdrawal.

As a long time supporter of U.S. participation in the ITC, I am pleased that the Bolivians finally opted to sign the Fifth Agreement, thus assuring active U.S. participation in the activities of the Tin Council. The ITC is hardly a perfect mechanism, but it is certainly the best vehicle about for bridging the so-called "gap" between the "third and fourth world nations" and the industrialised nations.

Any commodity agreement which assures the producing nations a fair market price for their commodity, while ensuring the consuming nations a reasonably stable price for the same commodity, must be categorised as a giant step forward. While it might be true, in the long run, that the consumers might tend to pay a higher price than if the commodity was left totally at the whim of market conditions, the little extra that is paid is the most palatable form of "foreign aid" that I can conceive. Let us hope that the Fifth Tin Agreement will show the way for a new spirit of co-operation between commodity producers and commodity consuming nations.

Alan I. Schneider, 2830 Denton Street, Detroit, Michigan 48211.

To-day's Events

GENERAL
European Central Bankers end two-day meeting, Basel.
Mr. Anthony Wedgwood Benn, Energy Secretary, addresses meeting of Beckenham Labour Party.
Mr. Fred Peart, Minister of Agriculture, speaks at Food Manufacturers' Federation lunch, Hotel Intercontinental, W.1.
British Importers' Confederation mission now in Yugoslavia.
House of Commons Select Committee on Nationalised Industries hears evidence from Professor Christopher Foster and Professor M. E. Beesley. Subject: British Rail.
House of Commons Select Committee on Violence in the Family hears evidence from Home Office.

Subject: Violence to Children.
CBI Yorkshire and Humberwide Regional Council meets, Leeds.
National Chamber of Trade annual general meeting, Harrogate.
GLC's Transport Committee considers study on feasibility of widening London's South Circular Road.
PARLIAMENTARY BUSINESS
House of Commons: Finance Bill, committee.
House of Lords: Crofting Reform (Scotland) Bill, and Freshwater and Salmon Fisheries (Scotland) Bill, third reading.
Public Lending Right Bill, report stage.

Land Drainage (Amendment) Bill, Commons amendments. Debate on asbestos.
COMPANY RESULTS
Sunzi Pulp and Paper (full year).
Richard Costain (full year).
Ranks Hovis McDougall (half-year).
Ranunculus Hovis (half-year).
Pollard (half-year).
Sears Holdings (full year).
COMPANY MEETINGS
American Trust, Edinburgh, 11.30.
Bank of Scotland, Edinburgh, 12.15.
Federated and Building, Winchester House, E.C.11.30.
Norwich Union, Norwich, 11.30.
Pittard Group, Yeovil, 12.
Scottish Northern Investment Trust, Aberdeen, 12.15.
United Biscuits, Edinburgh, 12.
Wolf Electric Tools, Wembley, 12.

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COMPANY NEWS + COMMENT

Staveley heading for at least £5½m.

REPORTING a sharp advance from £1.43m. to £2.72m. for the first half of 1975-76, Mr. H. R. Moore, chairman of Staveley Industries, says profits for the second half should be at least equal to this level, producing an overall result for the year well ahead of the £3.63m. achieved in the year ended September 30, 1975.

The group continued to make significant progress during the half year with all product groups producing better results than in the corresponding period of 1975. The electrical group and the U.K. operations of the machine tools group achieved the biggest advances.

Staveley Lime Products and some of the Canadian activities were most affected by economic conditions; but the effects of the recession were felt to a varying degree by almost all divisions, says Mr. Moore.

Turnover and real volume increased and the investment programme continued at a rate approaching that of last year. Despite this, the overall level of borrowings has not significantly changed from that reported at September 30, 1975.

Higher profits and improved cash management enabled the company to contain the effects of inflation, without cutting back on investment.

Borrowing facilities available have been further enlarged, and more than half are now guaranteed to be available for the medium term. This will help Staveley to take advantage of any profitable opportunities which may arise and to plan activities on a long-term basis.

The interim dividend is raised from 5p to 3.5p net and the directors forecast a maximum permitted total of 7.5p compared with 7p.

Half year	1975-76	1974-75
Sales	£3,731	£2,311
Trading profit	£2,721	£2,221
Interest charges	£208	£289
Profit before tax	£2,513	£1,932
Taxation	£1,491	£843
Net profit	£1,022	£1,089
Attributable	£1,022	£1,089

Comment

Staveley expects pre-tax growth of close on half this year, and that put the shares up 8p to 184p yesterday for a rise this year of a third against barely a fifth by our general engineering index. The electrical operations are providing most of the impetus at the moment and within that a maiden full year from Hall and Kay is probably fairly important. The prospective p/e is just under 10 on a full tax charge, while the 1975-76 yield is 6.7 per cent. and covered nearly 2½ times by fully taxed earnings.

Charterhouse Development

The Charterhouse Group announces the successful launch-

Company	Page	Col.	Company	Page	Col.
Airfix Industries	20	1	Invest. & Prop.	20	4
Anglo-African Finance	20	8	Morris & Blakey	20	5
Beattie (James)	20	2	Nth. Midland Constr.	20	4
Bishopsgate Trust	20	5	O'Brien (Samuel)	18	3
Bowthorpe	18	7	Panto (P.)	22	1
Burmah Group	18	7	Petrocon Group	18	4
Cadbury Schweppes	20	3	Robb Caledon	22	1
Charterhouse	18	1	Shellbear Price	18	5
Clydesdale Invest.	20	7	Staveley Industries	18	1
Commercial Union	20	1	Sum Life Assurance	22	6
Davies & Newman	18	2	Tarzan McCaul	18	4
Electrical & Indust.	20	2	Tricoville	22	2
Empire Stores	20	3	Walker (Alfred)	18	5
European Ferries	18	6	Wilson Walton	18	8
Gallagher	20	6	Young Cos. Invest.	20	3

ing of Charterhouse Development Capital. Shares and loan stock have been placed with major insurance companies and pension funds.

The new company, in which the Charterhouse Group has a "significant" minority stake, will invest in small and medium sized companies and will be managed by Charterhouse Development, the group's existing development capital subsidiary. From now on all new investments by Charterhouse in this field in the U.K. will be made through the new company. Mr. Edward Cox, chairman and chief executive of Charterhouse Development, has been appointed managing director of Charterhouse Development Capital.

Davies & Newman hopeful

MAINTAINED profitability at Davies and Newman Holdings is forecast by chairman Mr. F. Newman in his annual statement.

He tells holders that although low freight rates and poor ship values are likely to prevail for some time, the shipping company "should continue to hold its own" in the foreseeable future and produce a satisfactory result. Dan-Air's increased capacity is fully booked this summer and budgets for the year indicate "a satisfactory position."

As known, turnover for 1975 improved from £39.11m. to £39.31m., operating profit was £1.27m. (£1.19m.), profit before tax £1.36m., compared with £1.14m. earnings per 25p share 14.8p (12.8p) and dividends 8.54p (8.5p). Adjusted for inflation on a CPP basis, pre-tax profit is £1.33m. (£1.35m.), and earnings 14.3p (13p).

A breakdown of turnover and operating profit shows shipping £1,026,000 and £302,000 and air-line operations £31,78m. and

falls in tools and trading. Overall pre-tax profits are down 23 per cent. on a 4.4 per cent. sales increase. However, the weakness of sterling must be a plus factor for profits in the current half-year, while last week's 4 per cent. jump in the nickel price (now 56 per cent. higher than a year ago) underlines the chance of stock profits from rising alloy prices. The shares at 38p yield 5.6 per cent. covered 3.5 times.

First half increase at Petrocon

PRE-TAX PROFITS for the six months to February 29, 1976 of Petrocon Group, the oil, process and energy related services enterprise, amounted to £537,100 compared with £167,200 on turnover of £4.74m. against £4.38m.

After tax up from £320,400 to £241,700, profits attributable to the holding company, including an extraordinary item of £33,000, came out at £358,600 against £195,900.

The directors do not anticipate any immediate recovery in supply operations and results for the year will depend on contributions made by the offshore service business and the two manufacturing companies.

The interim dividend is lifted from 0.984p to 1.0824p net per 12½ share, costing £57,700 (£42,000). Last year's total payment was 3.524p from pre-tax profits of £1.28m.

Exports in the six months increased by 88 per cent. over overseas sales accounting for 46.8 per cent. of turnover compared with 23.8 per cent. in the first half of last year and 24 per cent. for the last full year. Efforts are being made to increase still further the overseas business which the group "is confident it can achieve."

The services division achieved turnover of £2.72m. (£3.35m.) and pre-tax profits of £315,100 (£307,400), and the manufacturing division £1.82m. (£1.03m.) and £33,400 (£108,800), respectively. The leasing operation had turnover of £47,000 and pre-tax profits of £3,600.

Commenting on the services division, the directors say the contribution made by supply companies was disappointing due to the cutback in investment in new refinery and petrochemical plant. However, there was increased demand for services to the oil and gas exploration and production industry.

In the manufacturing division a satisfactory level of order intake continued. The directors report that the Petrocon-Suire base in Singapore will become operational in June and will offer directional drilling



DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. for year	Total last year
Aberdeen Investments	1.05	June 20	0.9	1.85
Anglo-African Finance	0.75	June 25	0.55	0.55
Beattie (James)	3.7	June 25	3.43	3.43
Bishopsgate Trust	2.9	July 1	2.6	4.4
Bowthorpe	1.21	July 1	1.2	1.57
Burmah Group	0.27	June 20	0.23	0.2
Cadbury Schweppes	0.45	July 9	0.45	1.1
Charterhouse	0.77	July 1	0.7	1.4
Clydesdale Invest.	1.08	Aug. 3	0.98	3.82
Commercial Union	1.6	July 8	1.4	2.28
Davies & Newman	3.5	July 1	3	1.17
Electrical & Indust.	1.75	July 13	1.73	1.73
Empire Stores	1.9	June 25	1.6	2.58
European Ferries	2.5	June 25	2.5	2.5
Gallagher	1.97	June 25	1.97	1.97
Young Cos. Invest.	1.9	June 25	1.9	1.9

Dividends shown per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues.

and rental tool services to the oil industry in South East Asia.

Comment

A sharp drop in new plant investment by the major oil companies has severely affected Petrocon's services division, pushing profits lower by two-fifths, and there is little prospect of any improvement for the rest of the year. However, more than trebled profits from manufacturing—on the back of a particularly strong export performance—left the group 7 per cent. ahead overall at the pre-tax level. Current trading looks like following the pattern of the first half, with manufacturing compensating for the downturn among the supply subsidiaries. Maintained profits point to a sluggish earnings trend but the 100p yield a prospective 6.7 per cent., covered 2.5 times.

Shellbear Price slips to £0.43m.

SECOND HALF profits of Shellbear Price (Holdings), builders and civil engineering contractors, fell from £297,336 to £211,321, leaving the total for 1975 lower at £430,621, compared with £471,338.

When reporting the first half increase the directors warned that it must not be assumed second half profits would be proportionately higher than those of the first, as had been the case in recent years.

Group turnover—up from £7.27m. to £8.51m.—reflected an increase in the work volume undertaken for the regional water authorities, though in other sectors a slackening of activity was experienced.

Earnings per 35p share are added to be down from 7.48p to 6.85p. As forecasted the dividend is the permitted maximum—raised from 2.77p to 2.781p net, with a final of 4.601p.

In the light of the continuing uncertainty in the national economy the directors can make no forecast for 1976. Liquidity, however, is being maintained at a high level to enable advantage to be taken of any suitable opportunities that may arise, they say.

Group turnover	£8,510,252	£7,270,250
Profit	£211,321	£297,336
Taxation	£21,132	£29,734
Net profit	£190,189	£267,602
Extraordinary credits	£5,000	£17,397
Dividends	£62,121	£62,121
Retained	£143,068	£192,878
After dividend	£143,068	£192,878
Transfers to Dividend Tax	£24,000	£24,000
(£24,000) and £11,975 (£14,347) in respect of stock appreciation relief.		

Comment

With its heavy dependence on public works—around 85 per cent. of 1975's turnover—Shellbear Price was hit by government spending cuts in the second half when pre-tax profits fell 28 per cent. Consequently, full-year profits declined nine per cent. Contracts from the regional water authorities in the south have increased and current water works order books are substantially up on a year ago. But this has not been able to offset the decline in other areas. Shellbear is now looking abroad for future growth: it has a fledgling joint venture in the Middle East, but no significant benefits are expected in the current year. A cash holding of over £700,000 will provide some cushion for any profits shortfall this year. In 1975 net interest receivable was £23,000. At 3½, the p/e is 4.8 and the yield 11.4 per cent., covered 2.8 times.

A. Walker

Despite a rise in turnover from £4.2m. to £4.6m., pre-tax profits of building contractors and property developers, Alfred Walker and Son fell from £211,000 to £175,000 in 1975 after £1,000 against £111,000 in the first half. Full year earnings are given as 1.93p compared with 2.93p per 10p share. The dividend is held at 1.75p net.

	1975	1974
Group turnover	5,200	4,700
Profit	176	211
Tax	91	108
Net profit	85	103
Minorities, etc.	5	14
Extraordinary credits	5	14
Attributable	85	78
Dividends	82	78

European Ferries on target

IN LINE with the estimate made during the Felixstowe Dock and Harbour Board's AGM, profits of European Ferries expanded from £4.25m. to £5.37m. in 1975.

Providing for tax and minorities and extraordinary debits of £1.94m. (£2.41m.)—including exchange losses of £1.81m. (£2.08m.), the year's attributable balance emerges at £3.66m. against £1.34m. Earnings per 25p share for continuing activities are stated at 8.5p compared with 7.6p.

The dividend is the promised 1.2145p, with a final of 1.2145p on capital increased by the £3.9m. rights issue last August. The 1974 total was 1.686p.

	1975	1974
Turnover	£6,623,000	£6,623,000
Profit	£5,370,000	£4,250,000
Shipping	£5,000,000	£4,000,000
Other	£370,000	£623,000
Air losses*	£24,000	£24,000
Taxation	£570,000	£570,000
Minorities	£24,000	£24,000
Extraordinary credits	£1,940,000	£2,410,000
Dividends	£1,214,500	£1,686,000
Retained	£4,155,500	£2,564,000
After dividend		
* Including stock appreciation relief		
£24,000 and £11,975 (£14,347) in respect of stock appreciation relief.		

See Lex

See Lex

Tartan McCaul advance

TURNOVER FOR 1975 of knitwear distributors, Tartan McCaul, expanded from £5.15m. to £7.33m. and pre-tax profits advanced from £339,575 to £554,511 after a rise from £72,552 to £140,493 in the first six months.

After U.K. tax of £36,388 (£39,502) and overseas tax of £287,783 (£135,827), full-year earnings are shown to have doubled from 1.4p to 2.8p per 10p share. Once again there is no dividend. The balance retained is £330,160 against £164,446.

Pre-tax profits included interest received of £44,609 (£47,819) and were struck after interest paid down from £148,356 to £103,998.

WINDING-UP ORDERS

Orders have been made by Mr. Justice Slade in the High Court for the compulsory winding-up of 33 companies.

Sir Francis Sandilands, chairman of Commercial Union Assurance, which held its AGM and published first-quarter figures yesterday.

Advance forecast by Bowthorpe

PROVIDED there are no serious downward trends in the economy, Mr. J. Bowthorpe, chairman of Bowthorpe Holdings, expects an advance in current year profits. There has been an increase in orders during the first part of 1976.

Electricity is an essential to the economy of every nation, he points out, and most group products are for use with electrical and electronic cables and wires. By anticipating the demand for new products, "we are in a growth business."

As reported on April 9, pre-tax profit for 1975 was down from £4m. to £3.96m. Dividends total 1.33p net (£1.28p).

Mr. Bowthorpe explains that the difficult worldwide economic conditions continued throughout 1975 but in spite of the problems, the group continued to perform well.

The company again benefited from the wide spread of its products, and the many markets which it serves. There has been further growth overseas.

In addition to U.K. exports amounting to £4.23m. the contribution of overseas subsidiaries and associates in group profits amounted to £1.78m. compared with £1.53m.

At home, while some of the Hellermann divisions suffered as a result of adverse trading conditions, there has been a renaissance in the profits of Bowthorpe Electric, EJP Electric and Power Development.

Hellermann Cassettes made a loss of £389,000 mainly due to lack of orders, but the latter part of the year the position improved and a return to profitable trading is anticipated.

The group increased its capital investment in new plant and equipment by £1.4m. without depleting its cash resources.

The Deutsch Co. electronic components division holds 11.1 per cent. of the Ordinary. Meeting, Crawley, June 3, noon. Chairman's statement Page 20

Burmah Action Group statement

The Burmah Shareholders Action Group says it will allow the Burmah Oil Board a short time to put in appropriate proceedings concerning the terms of the sale of its £7.8m. shares in BP to the Bank of England for £7.8m. in January 1975, according to a circular which will be dispatched to stockholders today with Burmah's 1975 annual report.

The Action Group is pressing for revision in the terms of the £7.8m. figure is more than 50p below the present value of the holding.

The BSAG says it has been advised by Queen's Counsel concerning the legality of the transaction. This advice clearly

suggests that Burmah successfully take the matter to the courts—and that it should.

The circular adds: "The BSAG is invited to invite the Board to call an extraordinary meeting at a convenient time, but not later than the autumn, to report to stockholders. If no invitation were declined and BSAG considered it in a holders' interests to convene a meeting, it would take necessary steps to this end."

ISSUE NEWS

Wilson Walton to come to the market

It looks as if the market's wait for a new issue will be later this month. Several companies have been rumoured the past few months as possible new issue candidates, but it seems that Wilson Walton, a group specialising in servicing the North Sea exploration, will be the one to break the ice.

Energy Finance and Gas Trust, the company set-up by Dennis Barkway last year, is currently organising an offer sale to take place later this month.

The company which is an offshoot of Wilson Walton International (Holdings) employs around 500 people and last year was reported as having made a profit of £270,000 on turnover of some £4m.

Wilson Walton Services has gained a strong position in North Sea exploration, in particular the conversion of oil submersible drilling rigs to floating platforms, such as Transworld 55.

This could prove a particularly promising development for the cash flow benefits for the duocor. Also as the price of rises in sterling terms, a marginal decline will become increasingly visible especially floating platforms are used.

So it is against the backdrop of an expected increase in demand for floating platforms that Wilson Walton will come to the market with the first new issue for two years.

EVA—89.5%

Eva Industries rights issue raise £600,000 on the basis of for-seven at 30p each has taken up as to 80 p cent. balance not taken up has sold in the market at a premium and the net proceeds will be distributed to entitled shareholders except that no payment will be made for less than £1.

Increased efficiency provides continual improvement



C.T. Wells OBE TD, Chairman



R. Scott FCMA, Managing Director

Salient points from the circulated statement of the Chairman, Mr C.T. Wells, for the financial year ended 31 January 1976

- Sales and profits attain new records, with sales up 16% to £60,265,000 and profits up 21% to £4,429,000.
- These record results could not have been achieved without a continuation of the efforts that have typified the management, as reorganized two years ago.
- Our own van delivery service further extended to carry 30% of total parcels produced by our warehouse complex.
- The Rights Issue in August 1975, together with a renewal of bank facilities, should enable financing requirements over the next two years to be met satisfactorily.
- 1976 has opened on a reasonably satisfactory note: our new catalogue has been successful and the demand pattern is steadily improving.

Results in brief	1976	1975	1974
Year ending 31st January	53 Weeks	52 Weeks	52 Weeks
	£000	£000	£000
Sales	60,265	59,178	52,147
Profit before tax	4,429	4,278	3,660
Profit after tax	2,082	2,011	1,678
Dividends	3.03p	2.80p	2.80p
Earnings per share	10.27p	9.94p	8.78p

Copies of the Report and Accounts may be obtained from The Secretary, Empire Stores (Bradford) Limited, 18 Canal Road, Bradford BD9 9AX.

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COMMODITY ANALYSIS

The commodity brokers

Cadbury Schweppes

international progress

Our Report and Accounts, which has been posted to shareholders, includes my statement on trading conditions together with a review of our world operations. These are some of the highlights.

10th May 1976

Adrian Cadbury
CHAIRMAN

Chairman's Statement

1975 Results

1975 sales at £667 million were 20% above those of 1974 in money terms, slightly more than holding their own in constant prices, which given the degree of world recession underlines the basic stability of demand for our Company's products.

Profit before tax rose from £28.5 million in 1974 to £38.6 million in 1975. These distinctly better results would not have been possible without the encouraging degree of cooperation at all levels which the Company received worldwide. While the improvement in profitability in 1975 will enable the Company to take a more positive approach to investment and expansion, it can only do so on the basis that this trend will continue. Profit margins are still inadequate and do not provide the justification for the scale of investment required for the business to compete effectively and internationally. We must be allowed to restore margins to the levels of the early 1970s if we are to maintain our standing in markets round the world and our pattern of growth and so provide security and a fair return to all those who have invested their money or their working lives in the business. Investment and jobs go together; both are dependent on companies achieving an adequate level of profitability and on their having the confidence that it can be maintained.

Investment

In spite of the economic uncertainties we are going ahead with a substantially increased investment programme, particularly in the United Kingdom. We are not asking for any special help or subsidy from Government, but simply for the maintenance of an economic climate which will enable us to earn an adequate return on the funds entrusted to us, over the expected life of the projects concerned. This requires governments in all those countries with systems of price control to accept that, if prices are artificially held down while costs rise, investment and jobs must suffer; product price control on the United Kingdom pattern is essentially a short-term device to subsidise consumption now at the expense of future production and employment.

Policy and Prospects

In continental Europe the primary aim is to build on the established position of the Schweppes brand because soft drinks is the fastest growing of the markets in which we are involved and it is still relatively fragmented. To this end our Italian operations have been restructured so that we can concentrate on the expansion of our branded soft drinks business. In Spain our management involvement is now limited to the Schweppes franchise, which is second only to the United Kingdom in sales volume, and to the Vida and Loyola businesses in fruit juice and confectionery respectively. It will take from 2-3 years to bring all our Italian and Spanish interests to an acceptable level of profitability but we will then have worthwhile operations which fit the agreed pattern of expansion. The overall results of our operations in Europe were disappointing in 1975 because of the Italian and Spanish losses, but the measures which we have undertaken should enable us to improve the position considerably in 1976.

The other main areas for investment have been Australia and North America, to promote the Cadbury and Schweppes brands in both cases. Australia as the largest subsidiary has continued its policy of investing in improving efficiency and in strengthening its market position. In North America the Canadian

company went through a difficult period in 1975, but the United States company had a successful year. The policy is therefore one of concentrating on our core businesses at home and abroad and taking action to turn round any operating activities which are not making a proper contribution to the growth of the Company. It is not possible at this stage in the year, given all the uncertainties about the trends in world trade and the levels of consumer expenditure in our main markets, to make an estimate of the 1976 results on any valid basis. I can say, however, that we have set ourselves management targets which represent a real increase over the figures for 1975.

Review of Operations

UNITED KINGDOM OPERATING GROUPS

Confectionery

The Confectionery Group held its prices throughout 1975 following increases at the beginning of the year. The Group achieved its budget profits; the seasonal trade at Easter and Christmas exceeded expectations and sugar confectionery had a particularly good year. The operations of the Price Code continued to reduce margins, but the overall results reflect the high degree of cooperation of everyone within the Group and their positive response to change. Raw material prices, including cocoa, remained high throughout the year in spite of the world recession.

Drinks

During 1975 the Brinks Group improved its position in the United Kingdom market and more than met its profit targets, overcoming the supply problems which had proved so troublesome in 1973 and 1974. After a cautious start to the year, with an early cold Easter, sales benefited from the long hot summer.

Employees at all levels throughout the Group participated in an effective programme to reduce costs and improve earnings, with the overall objective of protecting employment levels and providing funds for investment in new plant. The Group started 1976 from a firm base of strongly supported brands and improved efficiencies in all areas.

Tea and Foods

The Tea Group and Foods Group met their profit and cash flow targets despite a decline in the volume of sales. This achievement, against the background of rising costs and greater working capital requirements, reflects credit on the Groups' control systems and on the increasingly close involvement and co-operation of employees at site and departmental levels in decisions affecting production, manning and stocks. Market share gains were made in a number of important sectors while the Group entered the protein foods market on a major scale for the first time with the introduction of Soya Choice.

The Catering Services Division had another successful year with sales up by 35% and with an increase in market share in our main product areas. This business has more than doubled in the past three years and at the same time its profitability has been improved by concentrating effort behind products with better margins.

Health and Chemical Products

This Group was more affected by the depressed level of demand in 1975 than our other Groups. Jeyes U.K. returned poor half year results, but did significantly better in the latter part of the year.

Aerosols International produced record sales in the first quarter of the year due to a marked increase in exports. Good export-sales could not however compensate for the drop in home demand during the year and so the level of activity has had to be reduced. Both Jeyes Ireland and Middleton, Plastics, produced good results and Jeyes Overseas made particular progress in Nigeria and Indonesia.

Concentrates and Essences

There was a significant growth in the volume of essences produced both in the United Kingdom and elsewhere to meet the trading Groups' requirements.

Kenco

Kenco had another successful year. Despite the substantial increase in the cost of coffee on the world market, volume sales were maintained and Kenco increased its market share.

Wines and Spirits

This Division faced the industry problems of oversupply of wines from France and Italy and the increases in duty imposed by the Chancellor; despite these difficulties the Andre Simon range rapidly gained trade and consumer acceptance and, against the industry trend, made substantial sales gains.

OVERSEAS GROUP

Overseas sales outside Europe rose by 24% over 1974 to a figure of £240 million. Margins improved slightly so that net profits, which fell in 1974 from £12.0 million to £10.3 million rose again in 1975 to £13.6 million. Although trading conditions continued to be difficult most of our companies have recovered from the setbacks due to the world economic situation in 1974 and have resumed their pattern of growth.

Australasia

Cadbury Schweppes Australia Ltd., our largest overseas subsidiary, was also the one which suffered the biggest reverses in 1974 due to inflation and price control. In 1975 profits doubled rising from £2.9 million to £5.8 million and considerable progress was made in both the confectionery and drinks operations.

In New Zealand, Cadbury Schweppes Hudson Ltd. had to face difficult economic conditions which particularly affected the soft drinks side of the business.

North America
Cadbury Schweppes U.S.A. Inc. had another successful year with substantial increases in both sales and profits.

Distribution of Schweppes was extended whilst sales of "Rose's" Lime Juice reached record levels. The increased profit contribution of these two brands has enabled us to heighten our marketing support for Cadbury confectionery and hence to improve our market share.

In Canada the position is not so satisfactory. Inflation and the world recession were slow to take effect there but they had a major impact on the economic situation in 1975. To add to the year's difficulties industrial relations problems affected our own factories and the activities of our suppliers and customers. As a result profits of Cadbury Schweppes Powell Ltd. fell heavily in spite of an increase in sales.

Africa

Cadbury Nigeria Ltd. had a record year with profits more than double those of 1974. The improvement in the Nigerian economy has enabled the dividends declared in 1972/74 to be remitted, making a useful contribution to the United Kingdom cash flow. During 1976 the company will make a public issue, reducing Cadbury Schweppes' holding.

Cadbury Ghana Ltd. faced an exceptionally difficult year due to cuts in their import licences; consequently profits were slightly down on 1974.

In Kenya substantial progress was made particularly in the Drinks operation which increased its market share and profits were more than doubled. The company is now soundly based and was able to declare and remit its first dividends.

In South Africa the confectionery business continued to do well but there are still problems to be overcome in the rationalisation of our soft drinks operation before it can achieve a reasonable degree of profitability.

Cadbury Schweppes (Zambia) Ltd. also made good progress and the company was restored to a profitable situation.

Asia

Cadbury-Fry (India) Private Ltd. had a successful year and new developments are planned to coincide with the public issue of the company's shares in the coming year. In Japan Kanebo Cadbury Ltd. completed its first full year's trading with results in line with our expectations. The new confectionery factory in Kuala Lumpur started production in 1976 and will enable a substantial increase to be made in Malaysian sales in 1976.

Exports and Franchises

Despite setbacks in certain overseas markets, exports were held close to the previous record sales. The sterling value of exports to the United States showed useful gains. Soft drinks franchisees also did well. Profits from our various export and franchise operations were more than 50% above those in 1974.

EUROPEAN GROUP

Sales of Cadbury Schweppes products in the continent of Europe reached £54 million, a 20% increase over 1974. Volume sales did not increase in proportion because of consumer resistance to higher prices; this was particularly true of Southern Europe with its continued high rate of inflation.

The Company's priority in Europe is the development of the soft drinks business. Schweppes sales benefited from the unusually good summer, consolidating our already dominant share of the mixer market in most countries. Total sales were up 23% in litres over 1974. Confectionery sales were affected by the relative increase in chocolate prices, while our food activities in Northern Europe continued to show good progress.

Franchisees

Our major Eastern European development in Bulgaria began in June and we are expanding from this base into other Eastern European countries. We are convinced that Eastern Europe offers an attractive long term area of development not only for soft drinks but for food and confectionery products as well.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on Thursday, 10th June 1976 at the Abercorn Rooms, Great Eastern Hotel, Liverpool Street, London EC2. Copies of the Report and Accounts incorporating the full Statement by the Chairman and the Review of Operations are available from The Secretary, Cadbury Schweppes Limited, 1110 Connaught Place, London W2 2EX, England.

Confectionery

Milk Tray
Conquest
Something Special
Roses
White Heather
Cadbury's Biscuits
Fingers
Chocolate Wafers
Assorted Biscuits
Creams
Shortcakes
Cookies
Cadbury's Biscuits
Count Lines
Wafer Snack
Shortcake Snack
Finger Snack
Skippy Wafers
Orange
Coffee Break
Bar Six

Goldmine
Icebreaker
Country Style
Peppermint
Caramel
Plain Sandwich
Milk Sandwich
Plain Choice
Milk Tray Bar

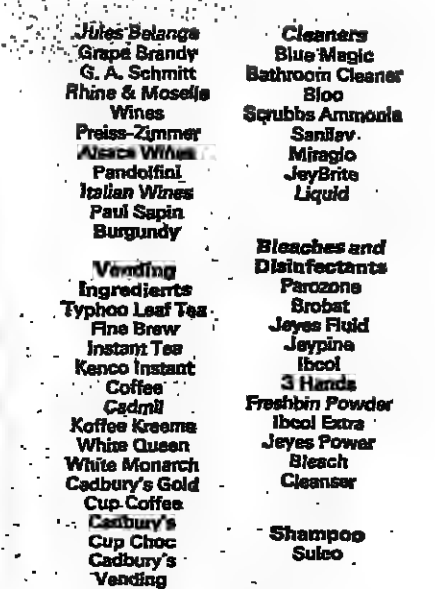
Murray
The Original
Murray Mint
Butter Mint
Blue Mint
Spearmint
Fruits

James Pascall
Bon-Bons
Pastilles
Fruit Drops
Clear Fruit

Cadbury Chocolate Edgars
Blackcurrant
Edgars

Country Butter
Sweets
Fudge Centre
Rum Centre
Butterscotch
Nut Crunch

Pascall
Golden
Barley Sugar
Assorted Toffees
Chocolate
Bon-Bons
Marshmallows



Chocolate
Blocks and Bars
Cadbury's Dairy Milk
Rocher
Wombles
Freddo
Fruity Friends
Milk Fudge
Milk Chocolate
Milk Fudge
Fruit and Nut
Bourbonville
Fruit and Nut
Bourbonville
Roasted Almond
Velvet Blend
Buttens
Old Jamaica
Grand Seville

Cadbury's Dairy Milk
Rocher
Wombles
Freddo
Fruity Friends
Milk Fudge
Milk Chocolate
Milk Fudge
Fruit and Nut
Bourbonville
Fruit and Nut
Bourbonville
Roasted Almond
Velvet Blend
Buttens
Old Jamaica
Grand Seville

Country Butter
Sweets
Fudge Centre
Rum Centre
Butterscotch
Nut Crunch

Pascall
Golden
Barley Sugar
Assorted Toffees
Chocolate
Bon-Bons
Marshmallows

Count Lines
Confectionery
Fudge
Crunchie
Chocolate Cream
Turkish Delight
Fudge
Curly Whirl
Dipped Flake
Welcome
Super Mousse
Amazon Raisin
Rumba
Aztec
Peppermint Cream
Plain Five Centre
Milk Five Centre

Cadbury's Dairy Milk
Rocher
Wombles
Freddo
Fruity Friends
Milk Fudge
Milk Chocolate
Milk Fudge
Fruit and Nut
Bourbonville
Fruit and Nut
Bourbonville
Roasted Almond
Velvet Blend
Buttens
Old Jamaica
Grand Seville

Cadbury's Dairy Milk
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Fruity Friends
Milk Fudge
Milk Chocolate
Milk Fudge
Fruit and Nut
Bourbonville
Fruit and Nut
Bourbonville
Roasted Almond
Velvet Blend
Buttens
Old Jamaica
Grand Seville

Desserts -
Jellies and
Jelly-creams
Cadbury's Chillo
Chivers-Jellies
Chivers
Jelly-Creams
Cadbury's Cocoa
Chocolate
Spread

Cadbury's Hot Beverages
Bourbonville Cocoa
Bourbonville
Drinking
Chocolate
Snack Soup

Marmalades
Chivers
Old English
Chivers Jelly
Roses

Mince-meats
Harveys
Preserves
Harveys Jams
Harveys New Jam
Traditional Range

Glenville
Ice Pops
Custard Powder
Comflour

Creamers
Cadbury's Coffee
Compliment
Kenco Coffee Top

Puddings
Harveys
Christmas
Harveys Canned Fruit
Harveys Canned Vegetables

Potato
Products
Cadbury's Smash
Cadbury's Soya Choice

Schwepes
Brand Drinks
Tonic Water
Dry Ginger Ale
American
Ginger Ale
Soda Water
Bitter Lemon
Sparkling Orange
Lemonade
Ginger Beer
Lemonade
Shandy
Simone-Range
Diet Pepsi
Crest
Zing
7-Up
Caribe

Squashes
and Cordials
Suncrush
Kia-Ora
Sunfresh
Roses
Schweppes
Fruit Juices
Tomato Juice
Cocktail
Orange Juice
Pineapple Juice
Rose's Natural
Lemon Juice
Grapefruit Juice

Copella
Apple Juice
Natural
Coffee
Kenco
Pre-packed
Coffee Beans
Costa Rica
Special Kenya

Continental
Brazilian
Breakfast

Kenco Fresh
Ground Coffee
Special Kenco
Bland
High Roast
Mild Roast
Brazilia
Vienna
Fresh Coffee Bags

Filter Coffee
Kenco
Tea
Typico

Kardomah Tea
Luxury Tips
Favourite

Tea Bags
Kardomah
Strogglaw
Kardomah
Kenco Tea
Ceylon No. 5

Kardomah
Leaf Teas
Luxury
Ceylon
Darjeeling
Earl Grey
Keemun
Lapsang
Souchong
Jasmine

Orange Spiced
Orange Pekoe
Young Pigeon
Oolong

Composite Pack
(Luxury/Ceylon/
Darjeeling)
Blue Label
Catering
Services

Wines
and Spirits
Dubonnet
Dubonnet Dry
Andris Simon Wines
Cusener Liqueurs
Dove's Port
Valdespino Sherry
Marquis de
Causse
Armagnac
Aalborg Akvavit
Cassillon Cognac

Paper Products
Babysoft
Toilet Tissue
Jockey
Toilet Tissue
Supertwist
Toilet Tissue
Intertek
Paper Towels

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CU down but better trend

REPORTING A first quarter 1976 underwriting loss of £14.4m, the directors of Commercial Union Assurance Company state that, although heavier than the £5.3m loss shown for the same 1975 period, the result is much improved, compared with the £11.8m loss in the fourth quarter of 1975, reflecting some of the corrective action taken in that year.

Taking into account higher investment income—£25.9m compared with £22.6m—and life profits, the group pre-tax profit emerges at £5.9m. This compares with £11.8m in the same period of 1975 and with a loss of £10.2m for the whole of that year when the underwriting loss amounted to £24.1m.

At the attributable level the first quarter profit comes through at £4.3m, with earnings per 25p share stated at 1.38p compared with 2.05p.

First quarter premium income rose by over 30 per cent, to £302.2m, half of which was due to exchange rate changes.

The directors report that in the U.K. underwriting profits have again been earned but on a greatly reduced scale, largely because of the effect of inflation on liability claims. In the U.S. the statutory operating ratio in the first quarter was 110.0 compared with 113.9 for 1975 as a whole and 123.0 in the final quarter. Significant rate increases have been earned but the group is still benefiting from lower expense and commission ratios.

The agency cancellation programme is complete and the effects are as expected. Until the second quarter run-off is known the group has charged only £1m of losses arising from this business to the provision of £15m set up at December 31, 1975. This is not reflected in the statutory operating ratios given but has been credited in arriving at the underwriting loss.

Severe weather conditions prevailed in the north east of North America in the opening weeks of 1976. These caused a higher than usual incidence of motor and property damage claims that adversely affected the first quarter's results for the U.S. and also Canada, the directors explain.

In Australia, although underwriting losses continue, the scale of these has been reduced. In Western Europe, generally the results are unchanged.

Claims arising from storm and flood damage on January 2, 1976, which affected the U.K. and Holland and those from a severe storm in the Canadian Maritimes on February 2 have been charged to the extreme weather provision.

Airfix link with Unilever

A licence agreement has been signed between Airfix Packaging Developments, a member of the Airfix Industries group, and 4P

Verpackungen GmbH of Germany, a subsidiary of Unilever. Under the agreement, 4P will have rights to manufacture and sell process in Germany, Austria, France and the Benelux countries. Initially, the German group will concentrate on the development of food packaging and will market containers and closures made by the DUOPAC process.

EIS drive to raise sales

Given normal working conditions, the present order book at Electrical and Industrial Securities justifies a forecast that turnover and profit will increase again in 1976, says Sir Hugh Weeks, chairman.

New products are being developed and the company is seeking opportunities to manufacture compatible products under licence to accelerate the rate of increase in turnover, he tells holders in his annual statement.

It is during 1976 the continued national moderation in increases in money wages is maintained "then we can look forward to continued success."

Sir Hugh reports that the liquid position has strengthened during the year and there is sufficient confidence in the long-term future to be able to undertake a major programme of re-equipment and expansion of manufacturing capacity.

He expects this expenditure will be in excess of £1m by the end of 1977. This should still leave the company with liquid assets adequate to finance the hoped-for expansion of trade.

As reported April 27, pre-tax profit for 1975 increased from £9.8m to £11.4m, and dividends are up from 1.97p to 2.43p net with Treasury consent.

A statement of sources and application of funds shows an increase of £34.4m (£1.914 decrease) in bank balances and cash and an increase in short-term deposits of £300,000 (£193,000). At year-end bank balances and cash stood at £83,329 (£174,174) and short-term deposits at £1,36m (£1,06m).

J. Beattie improves

IN THE second half of 1975-76 profits of James Beattie, Wolverhampton-based department store group, improved from £1.39m to £1.38m, raising the total for the year ended January 31 last to £2.08m, compared with £1.79m in the previous year.

Earnings per 25p share are stated to be up from 13.6p to 15.75p. The dividend is increased from 3.48p to 3.77p.

Sales were up from £17,03m to £22.72m. After tax of £1,002,000 (£818,000), the year's net profit emerges at £1,077,880 against £870,904, from which is deducted serving members' dividend of £171,223 (£144,100).

Turnover over £52 million.

Increase in Group profits.

Aviation and Shipbroking—a successful year.

Dan-Air carried over 2.5 million passengers.

In looking at our prospects, the shipbroking Company should continue to hold its own in the foreseeable future and produce a satisfactory result.

Dan-Air's increased capacity is fully booked this summer and budgets for the year indicate a satisfactory position. It is necessary to stress, however, that the economic uncertainty has never been greater but, leaving this aside, we see no reason why the Group's profitability should not be maintained.

Comparative Figures

	1975	1974
Turnover	£2,806	£2,806
Profit before tax	1,358	1,137
Profit after tax	646	512
Dividends per share (gross)	10.0817p	9.147p
Retained earnings	356	431
Earnings per share	14.8p	12.6p

Copies of the Annual Report for 1975 may be obtained from the Company Secretary, 38-39 New Broad Street, London EC2M 1NH.

Tricoville

Design, production and marketing of fashionwear

Interim results

for the half year ended 19 January 1976

	Half year ended 19.1.76	Half year ended 19.1.75	
Turnover	3,196	1,991	up 60%
Profit before taxation	206	166	up 24%
Profit after taxation	110	87	up 26%
Interim dividend	6.25%	5%	up 25%

*Unaudited

Copies of interim statement and latest accounts from: The Secretary, Tricoville Limited, 91/93 Great Portland Street, London W1N 6DP



Mr. Adrian Cadbury, chairman of Cadbury-Schweppes.

Cadbury Schweppes sees real increase

WHILE FINDING it impossible to estimate 1976 results on any basis, Mr. G. A. H. Cadbury, chairman of Cadbury-Schweppes, says that management targets have been set which represent a "real increase" over the figures for 1975.

Although the results in Europe were disappointing last year because of Italian and Spanish losses—measures taken should enable the position to be improved considerably this year.

One of the main areas for group investment has been North America and in the light of progress to date the chairman is confident of the continuing opportunities there.

Despite economic uncertainties the group is going ahead with a substantially increased investment programme, particularly in the U.K. "We are not asking for any special help or subsidy from the Government, but simply the maintenance of an economic climate which will enable us to earn an adequate return on the funds entrusted to us, over the expected life of the projects concerned," declares Mr. Cadbury.

In 1975 group pre-tax profits expanded from £22.5m to £23.6m, from sales of £225.4m (£225.4m). In constant prices sales slightly more than held their own which, given the degree of world recession, underlines the basic stability of demand for group products.

While the improvement in profitability will enable the company to take a more positive approach to investment and expansion, it is not expected that the current year's results will be as good as last year's.

THE CURRENT year has opened on a "reasonably satisfactory" note for mail order group Empire Stores (Bradford). The new catalogue has been successful and the demand pattern is improving, reports chairman Mr. W. J. Beattie.

He says he faces the future with reasonable confidence. Everything is being done to increase the efficiency of every department so that when the economic position improves, greater benefits will be received by everyone.

Throughout the current year considerable costs are faced in developing the work of the computer and much more dualing, with its attendant costs, will be necessary this year, the benefit of which will not be seen for at least another twelve months.

By the end of 1977 the complete paper work needed by agents will be almost entirely handled by the computer.

In the 53 weeks ended January 31, 1976, group pre-tax profit expanded from £2.8m (£2.8m) for the previous 52 weeks to £4.3m, and the dividend is raised from 2.5p to 3.03p net.

Members are told that bank facilities made available during the last twelve months have been maintained and the chairman believes that group requirements for finance over the next two years can be satisfactorily met from such arrangements.

In August, 1975, £1.75m was raised by way of a rights issue and this enabled the group to proceed with all plans necessary to facilitate the growth of business which the chairman believes will come when the economic climate improves.

Stock turnover has continued to improve while tighter and more efficient control of debtors has prevented any reduction in the credit facilities offered.

During the year there was a net increase in liquid resources of £1.48m (£0.59m). At the year-end cash and short-term loans stood at £1.7m (£0.87m) and there was a bank overdraft of £0.24m (£0.12m).

Meeting, Bradford, June 8, at noon.

comment

Empire Stores continued to keep its level of stocks under very close control last year, at £5.9m, they compared with £7.5m, two years ago—so with help from the rights issue there was no problem in financing working capital, which was pushed up by the 18 per cent rise in debtors. This figure emphasises that Empire has not been forced back on defensive moves like cutting its credit terms. On the other hand it seems to have been leaning upon its suppliers, with creditors exceeding stocks by £1.5m, a £3.4m turnaround since 1974. For the current year Empire's prospects look reasonably good, although a new phase of computerisation moves may involve a further spell of double-running costs. At 8p the shares yield 3.4 per cent, and should respond to any unwinding in consumer spending.

Chairman's statement page 18

Young Cos. Investment

Basic earnings per £1 share of the Young Companies Investment Trust improved from 2.9p to 3.04p in the year to March 31, 1976.

And the net dividend total is lifted from 2.6p to 2.9p, with a final of 1.9p per share. The forecast

Good growth possibilities for Gallaher

ABOUT A quarter of the non-tobacco profits of American Brands were contributed by the four diversified businesses purchased and developed by Gallaher, its British subsidiary, chairman Mr. R. K. Heilmann told the American Brands annual meeting in New York.

Last year these non-tobacco enterprises accounted for \$25.5m operating income on sales of \$484m—a profit increase of 15 per cent—and long range they gave Gallaher "good growth possibilities," he added.

They include a chain of retail stores and a chain of wholesale establishments, operating in the U.K., an optical goods business, strong in Britain and expanding into the EEC, and an engineering group, which had shown growth not only on the Continent but also in a number of world markets, Mr. Heilmann said.

Total operating profits of American Brands from tobacco reached a new high in 1975 of more than \$280m, and of this Gallaher contributed about one-fourth.

For the first three months of 1976 Gallaher's operating income in sterling was up by 19 per cent, which, translated into dollars and with the pound 20 per cent down in the last year, made the British subsidiary's contribution to net income about the same as last year, Mr. Heilmann added.

Dollar results from the British operations would continue to be affected by movements of sterling, however, under the new accounting rules mandated by the

Financial Accounting Standards Board, American Brands would no longer have to charge net income each month with foreign exchange adjustments in the value of its entire British leaf inventory.

Rather, exchange adjustments would be phased in over 18 to 24 months as the leaf was sold as finished product. "This means the effects of sterling changes would be stretched out but not eliminated."

When the international tobacco business was expanded in 1968 through purchase of Gallaher shares, American Brands borrowed among other places. In the first quarter of this year \$107.37m were paid off the total German and Swiss indebtedness and the remaining \$12.5m would not significantly affect results, in any case they would be paid off as quickly as possible.

Although sales of cigarettes in general increased only slightly in 1975, the American Tobacco Company's filter cigarette business "continued to edge up against powerful competition."

Full year earnings are shown as 2.88p per 75p share compared with a loss of 2.39p. The dividend is stepped up from 0.54p to 0.75p.

TURNOVER FOR the year to last September was £1.41m.

First-half earnings are stated at 1.35p compared with 1.48p in 1975. As known the interim dividend is held at 0.55p net—last year's was 0.55p and the directors expect to recommend at least the same this year.

The net asset value of Ordinary and "B" shares is given as 78.6p against 85.5p.

African Finance pays 0.75p

TURNOVER FOR the year to last January 19, 1976 of Anglo-African Finance was little changed at £7.7m, but pre-tax profits fell from £35,784 to £28,183, against £210,529, against £153,832, for the first half.

Full year earnings are shown as 2.88p per 75p share compared with a loss of 2.39p. The dividend is stepped up from 0.54p to 0.75p.

Clydesdale Investment

REVENUE for the six months to March 31, 1976 of Clydesdale Investment slipped from £876,107 to £814,787 before tax of £253,050 against £261,922. The pre-tax

turnover was £1,744,732, compared with £1,744,732 in 1975.

Dividends paid and proposed 1-33p (1974 1-23p)

Copies of the Annual Report & Accounts for the year ended 31.12.75 are available from the Secretary, Bowthorpe Holdings Ltd., Gatwick Road, Crawley, West Sussex.

Barclays Merchant Bank Limited

Sustained growth.

● Total assets exceed £700 million.

● Medium term loans to customers 1975 £348 million (1974 £293 million).

Banking Services

Medium term loans in Sterling and Eurocurrency: Syndicated Loans: Acceptance Credits: Term loans with equity participation or equity options: Short and medium term deposits accepted.

Corporate Finance and Advisory Services

Company Flotations: Capital Issues: Advice in merger and takeover situations: Merger Register for purchasers and vendors: Advice on sources and structuring of finance: Underwriting: General Corporate Financial advice.

Registration and New Issues Services

Registrars for Companies and Local Authority Issues: Rights and Capitalisation Issues: Receiving Bankers for New Issues.

BARCLAYS MERCHANT BANK LIMITED

Dashwood House, 69 Old Broad Street, London EC2P 2EE. Tel: 01-600 9234.

REGISTERED IN LONDON (ENGLAND) - REG NO. 181666. REG. OFFICE: 54 COMBARD STREET, LONDON EC3A.

Bowthorpe Holdings Ltd.

In spite of the problems a recession brings, the Bowthorpe Group continued to perform well in 1975

JACK BOWTHORPE, CHAIRMAN

Company Performance in 1975

Pre-Tax Profits £3.96m. (1974 £4.01m.)

Sales £24.4m. (1974 £20.6m.)

Exports £4.2m. (1974 £3.2m.)

Profit Contribution of Overseas Companies £1.76m. (1974 £1.55m.)

Dividends Paid and Proposed 1-33p (1974 1-23p)

Copies of the Annual Report & Accounts for the year ended 31.12.75 are available from the Secretary, Bowthorpe Holdings Ltd., Gatwick Road, Crawley, West Sussex.

SUN LIFE ASSURANCE: "ANOTHER VERY SUCCESSFUL YEAR"

Statement by the Chairman, Mr. P. G. Walker

It will be seen from this Statement and the accompanying Report and Accounts that the Society has had another very successful and, indeed, record year. These results have been achieved in a period of great difficulty, especially marked by a continuing, quite unacceptable, rate of inflation. I cannot, therefore, praise too highly the dedicated concentration which all members of the staff have brought to their work, thus making these results possible.

Directors and management

There have been no changes in our Board membership during the year, but since the end of the year Mr. D. J. Roberts has indicated that he does not wish to offer himself for re-election at the Annual General Meeting, having reached the age of 70. Further, Sir Charles Villiers, whom we must congratulate on receiving a Knighthood in the 1975 Birthday Honours List, has subsequently accepted the position of Chairman of the British Steel Corporation and, whilst we recognise the honour of this appointment, we regret that it involves him in retirement from our Board. May I express my own and your deep appreciation of the very long, loyal and devoted service to the Society of both these directors and wish them all good luck in the future. I would like to welcome Mr. J. D. Webster's deserved promotion to the Executive, where he will continue to be responsible for our investment management.

New business

Our new business written showed a substantial increase over the previous year and I am glad to say that this increase in new premium income was greater than the average for the industry as a whole. I need hardly stress the importance of ensuring that, at a time when costs are soaring, we achieve a substantial growth in soundly based premium income. The very satisfactory rate of growth is illustrated by the fact that our new annual premium income has, over the past three years, increased by 135 per cent. One area of our business which has shown very great expansion during the year has been that of the open-ended or flexible endowment assurance. Our own name for this is the Ten Plus Plan, given this name because, although basically a with-profit endowment assurance maturing in the 65th year of age, it can be cashed at any time after 10 years on favourable guaranteed terms. Introduced only in 1973, this contract now generates a greater new premium income than any other single class of business outside the pensions area. The introduction of Capital Transfer Tax, which replaces Estate Duty, but also applies to certain lifetime transfers, has created a new field for life assurance and the Society has designed a new type of policy to meet this requirement. The policy is a modification of the Ten Plus Plan, but written on a whole-life assurance basis. Alternatively, a life assurance policy under which the sum assured is not payable until the death of the survivor of husband and wife may meet the new requirements in certain circumstances, and such a policy is, of course, comparatively inexpensive. A very high proportion of our business is placed with us by insurance brokers and we can expect to continue to receive substantial support from them only if we maintain a high level of service. The complexity of our business, much of which is imposed upon us by Government, makes it increasingly more difficult to hold our costs down whilst, at the same time, setting a higher standard of service. A development which is aimed at improving service and which became operative at the beginning of 1976 was the formation of a London Area Office, specifically for the servicing of all our business in the Central London Area. It is early to gauge the results from this change, but by concentrating an efficient area administration in the one building in Borough High Street we are creating the opportunity for our Central London Branches to concentrate on obtaining new business. We have, at the same time, combined our three City Branches into two units and, therefore, in addition to an improved service, we shall effect a saving in overhead expenses.

Pension schemes

A satisfactory amount of new pension business was secured for groups of employees, although the general economic conditions and the political uncertainties about pensions had some adverse effects. We substantially increased the amount of pensions business written for directors and executives, which is less affected by political developments, thereby demonstrating the soundness of our contracts and the appreciation by insurance brokers of our technical abilities and service. The major item of legislation affecting pensions business in 1975 was the Social Security Pensions Act, to which I referred last year when it was a Bill. We regret this hastily-conceived plan for State pensions which, in our view, is an unsatisfactory basis for a matter involving such a large part of the national income. Employers with appropriate pension schemes are to be able to contract-out of the new State earnings-related pensions and we shall be providing for alterations to pension schemes to enable employers to do so. The necessary arrangements will inevitably entail a significant increase in the complications and costs of administration for both employers and the Society. The Government have stated their intention to secure a partnership with funded occupational schemes and I am confident that a reasonably large volume of pensions business will be operated on a contracted-out basis. Unfortunately there will be a material number of employers who will be unable or unwilling to contract-out. Some may reduce the benefits they provide for their employees to allow for those promised by the State. To this extent, our portfolio of business will be smaller than it otherwise would have been. Nevertheless, the proposed benefits for employees who are fully included in the State scheme will be inadequate in many respects, lacking important features which private schemes can provide. There will continue to be considerable scope for good retirement and related benefits on top of State provision. We also expect to see a widening of pension schemes as works employees and their unions seek equivalent benefits to those generally provided for staff employees. Another action by Government influencing our business prospects was the limitation on increasing the level of pension benefits as part of the counter-inflation policy. We were, of course, pleased that the Government should take, even so belatedly, positive action to reduce the level of inflation which is detrimental to all forms of investment. However, under all previous incomes policies pension provision was not restricted as its contribution to savings and investment was regarded as helpful in controlling inflation. On this occasion it became apparent, a few days after the policy was introduced in July, that the Department of Employment was regarding new and improved pension arrangements as equivalent to additional wage benefits, whose cost had to be set against the £6 and £8,500 limits. We were able to obtain some publicity in the national press and on local radio for our view that the inclusion of pensions was irrelevant and limited relaxations were announced as the legislation was rushed through Parliament, which have given some help towards maintaining the momentum of our business. The position, as stated by Government for the twelve months beginning in August 1976 is unclear and somewhat discouraging, but it is still to be hoped that useful changes may be negotiated in conjunction with the second stage of the pay policy. In the meantime, we will continue to take advantage of all opportunities for pensions business which occur. Our subsidiary, Sun Life Pensions Management Ltd., has continued to expand and the funds at the end of 1975 had reached £29½ million. The investment results over the period the company has been in operation have compared very favourably with our competitors. Until now, the investment and administrative services offered have been provided mostly to existing clients transferring from insured schemes. Now that the subsidiary has developed a satisfactory base and a good record, we believe that there are considerable opportunities for promoting its services actively to new clients.

Funds

From the Accounts you will see that group income during 1975 exceeded outgo by £44 million, and that the total of our funds, including investment reserves, is now £595.7 million. The premium income for the year, excluding cash bonuses applied as annuity premiums, showed a record increase of £14.9 million to a total of £86.6 million, while investment income of the long-term insurance funds rose to £45.5 million. On the outgo side, the surrenders figure is up by £3.9 million, but most of this represents the cash options which we expected would be taken on the fifth anniversary of our first issue of annuity bonds. The high rates of inflation prevailing recently have caused many problems. Not least is the effect on the level of our expenses of management and 1975 was a particularly difficult year to contain the rate of increase. Nevertheless, this was in line with estimates from our system of budgetary control over all expenditure. Because of inflation, an interim actuarial valuation of our staff pension fund was undertaken in 1975 and your directors accepted the recommendation that an additional £2.1 million be paid into the pension fund in order to maintain an adequate funding level. Last year I stated that, in view of the investment conditions prevailing at the end of 1974, the directors considered it prudent to transfer to investment reserves the shortfall between the market values and book values of invested assets. The total of the transfers so made was £75.5 million. The market value of our quoted securities at the end of 1975 had appreciated of course very considerably from the end-1974 values, but this year all the assets have had to be valued for Insurance Companies Act 1974 purposes under the Valuation of Assets Regulations, which are very stringent and based on "break-up" value principles. The directors consider it more appropriate to continue showing all the invested assets at their book values in the annual accounts. They have, however, maintained investment reserves equivalent to the shortfall between the values as determined under the Valuation of Assets Regulations and the book values in the Society's Balance Sheet. This amounts to £25 million.

Actuarial valuation

For actuarial valuation purposes, it is necessary to value assets under the relevant Insurance Companies Act 1974 regulations referred to in the previous paragraph. These regulations are onerous when applied retrospectively to the Society's existing portfolio, particularly as regards house purchase loans and certain other loans secured on land or property. The rates of interest used in the valuation of liabilities have been increased, taking into account the increased yield on the revalued assets. I am sure you will be pleased to see, despite these technical problems, that the surplus emerging in respect of the years 1974 and 1975 shows a further satisfactory increase over the previous valuation periods. Much of the increase in surplus, however, has been as a result of the rapid expansion of the pension business fund, where the transfer to the Proprietors' Fund generates an additional tax liability. In view of this increasing burden, and in order to maintain our competitive position, the directors have decided to use the flexibility allowed in Regulation 112 of the Society's Laws and Regulations to reduce the proportion of profits allocated to proprietors from 10 per cent to 8.8 per cent. Nevertheless, the amount transferred to the Proprietors' Fund of £3.19 million, together with the share of interim, terminal and vesting bonuses already allotted, is over 10 per cent higher than the corresponding figure two years ago. As a result of the valuation, we have once again been able to declare reversionary, annuity and group pension bonuses at record high levels, with increases being made for many of our major classes of business. You will recall that last year, for our simple bonus series policies, I had to report a reduction in our terminal bonus payable on current claims on death or maturity from 25 per cent to 15 per cent of attaching bonuses. I am glad that the recovery in security values during the last year has justified an increase in this bonus to 20 per cent.

Dividends

The first half-yearly dividend paid in 1975 of 1.3355p per 5p share was declared when the statutory limit for annual dividend increases was 12½ per cent. The reduction of the permitted increase to 10 per cent announced in July, together with the change in the associated tax credits resulting from the increase to 35 per cent in the basic rate of income tax, compelled us to reduce the second half-year's dividend to 1.1982p per share, making a total for the year of 2.5337p (equivalent to a gross dividend of 3.8980p per share, compared with 3.5437p for 1974). A half-year's dividend of 1.3935p per share has been declared for payment on 1st July, 1976. This has been declared in accordance with the present statutory limit; the amount of the second half-year's payment will depend upon the regulations and the basic rate of tax in force at the time it is declared. It would be your directors' intention to increase the rate of the second payment for 1976 if they are permitted to do so.

Investment

Although the economic problems facing the country are still serious, 1975 was a year in which some confidence was restored to investment markets. Consequently, the large cash balances built up in 1974 have been invested in addition to our new money, and we reached the end of the year relatively fully invested. In the fixed interest markets over £30 million has been invested by the Society and advantage has been taken of the high yields obtainable on longer-dated stocks. One of the striking features of the equity market has been the number of rights issues which have enabled companies to raise money to help the future growth of their business. We have been happy to subscribe for our share of these issues. Overall our net investment in ordinary shares during 1975 was £10 million. Although the Government now appears to recognise that if industrial investment is to be improved greater profitability is essential, it still fails to appreciate the inhibiting effect of dividend restraint and we were disappointed that the Government felt it necessary to reduce the maximum rate of dividend increase payable from 12½ per cent to 10 per cent. It is to be hoped that the necessary tightening of the "incomes policy" later this year will not lead to any further restriction on dividends. It is quite inconsistent to continue a policy of restriction of reward and, at the same time, complain of limitation of investment in industry. Whilst the market in prime properties revived a little, 1975 was notable for the continuing over-supply of secondary properties. The Society continued to tread cautiously in the property market and, although £12 million was invested, this was mainly in connection with the completion of first class developments entered into earlier. In house purchase mortgages our net investment in 1975 was £4 million. Our scheme, under which we are willing to assist house purchasers who find that their requirements are not met fully by building societies, again proved popular and an increased amount of business was transacted.

Aid to industry and institutional investment

The past year has not only been a difficult one economically and for the assessment of investment prospects both at home and abroad, but in our own industry we have had to consider the measures of support which we could properly give to reducing the hardship suffered by policyholders of certain failed life companies. This was not an easy matter to decide, particularly when our assets primarily consist of the accumulated savings of a great many policyholders, which the directors and management have a duty to protect to the full. In the event, limited liabilities have been undertaken in connection with some well publicised rescue operations, such as the London Indemnity and Nation Life cases. In future, however, any similar contributions will be voluntary ones, but will be levied under the provisions of the Policyholders Protection Act. This legislation, which was enacted in November last, provides for a maximum levy in any financial year of 1 per cent of the premiums received in respect of business written after 31st December 1974. While initially this additional toll can be absorbed, it is earnestly hoped that the new regulations regarding the solvency and conduct of insurance companies will enable the authorities to monitor the industry more vigilantly and so minimise any future calls upon our funds. A feature which has caused us greater concern in recent months has been the pressure from certain quarters for the use and direction of our investment funds. While readily acknowledging that the right measure and timing of additional investment in our prime industries is necessary for our economic survival, we must ensure that our participation will be both secure and profitable. On this basis, we have taken our due proportion of securities issued to provide new money for many industrial companies and for the enlarged Finance for Industry, and if a case is proved that a potentially profitable concern is unable to finance its requirements through any of the existing sources, we will be prepared to consider investment upon its merits. We are nevertheless convinced that the existing machinery for capital raising provided by the City is adequate and we see no reason for the setting up of any new organisation for the purpose of filling a supposed gap. Accordingly, we do not propose to contribute to the Equity Investment Bank.

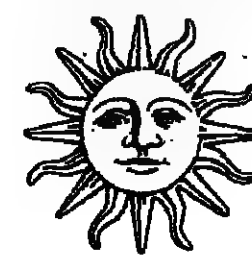
Administration

Relocation of the greater part of our Chief Office to Bristol has continued to be a major preoccupation in the administration field and, during the year, part of the Accounts and Personnel divisions have moved and the Policy Writing Department is now wholly operating from Bristol. The Training unit has also moved into its new premises, which are designed to provide a very high standard of training aids. We have found that an efficient Training unit is of great value in improving our effectiveness, both in technical spheres and in management development. Planning is now well advanced for the move of a large number of departments in the summer of 1976. In May 1975, at the annual salary review, our scales were increased in line with the increase in the cost of living since the previous adjustment. In 1976 we shall support the Government's pay policy, since the need to conquer inflation is of paramount importance, but I must make it clear that within a carefully calculated and negotiated job evaluation salary structure, such as exists in the Society, a continuing prohibition upon individual salary increases for good performance and any increase for those earning £8,500 or more, will in the end operate to the detriment of increased productivity. Throughout the year we have continued to consult and negotiate with the Staff Association on many matters and I appreciate the constructive contributions they have been able to make.

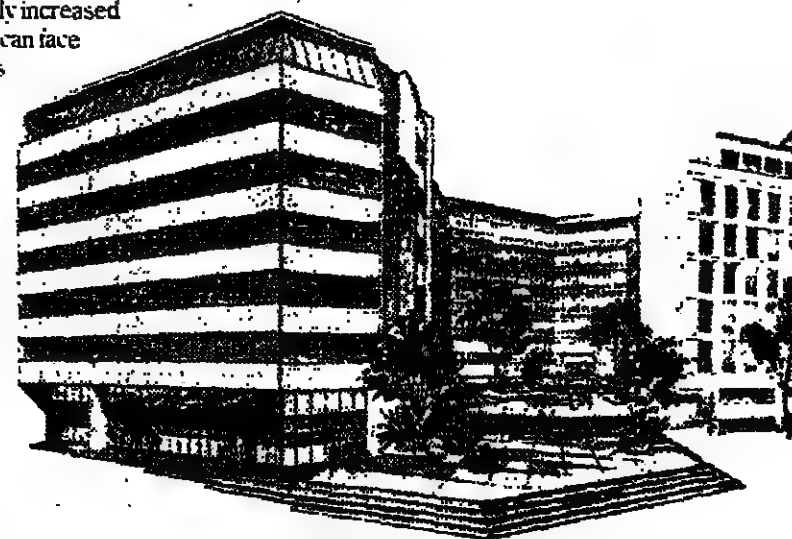
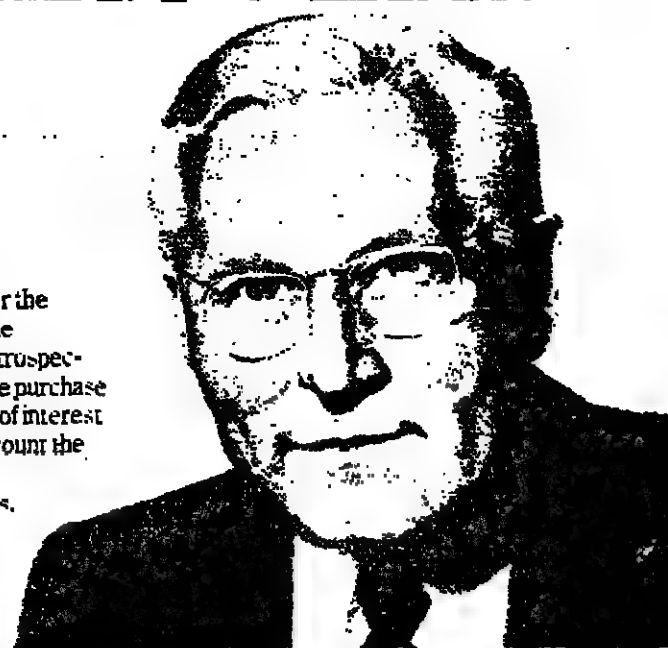
The future

With all the alterations to the law and circumstances to which I have referred in the various sections of my Statement, you will readily understand that it is very difficult to make any precise forecasts. However, we have since the end of last year experienced a substantially increased volume of business and I have every confidence that we can face the problems of the future as well equipped in all areas as normal prudence, energy and foresight can ensure.

Since writing my statement we have announced our intention to acquire the balance of the issued share capital of Artogen Properties Limited which we do not already own. Enclosed with the Report and Accounts is a copy of the formal offer document which sets out why we have made the offer and what are our plans for the future of Artogen and its staff.



SUN LIFE ASSURANCE



The Report and Accounts are available on request. Please write to:
Secretary's Department, Sun Life Assurance Society Ltd, Freepost, London EC2B 2YH. No stamp is required.

Robb Caledon in profit

A RETURN to profitability with a pre-tax balance of £189,000 is estimated by Robb Caledon Shipbuilders for the year to March 31, 1976. This is based on an assessment of individual contracts made in March 1976 and is arrived at after making provisions totalling £1.84m. in respect of contracts in progress at that date.

For 1974-75 there was a loss of £1.57m., struck after an increase in provisions of £2.3m. The total provision for losses on completion of contracts based on an assessment at August 31, 1975 was £4.13m.

Chairman Sir John Brown explains that the loss in 1974-75 arose principally in respect of two cable repair ships under construction and an ocean-going salvage tug. The first cable ship was handed over in November, 1975 while the tug was virtually complete by March 31, 1976 and has subsequently been handed over while progress on the second cable ship has been maintained as has the rest of the building programme.

Uncertainties in regard to the incidence of future overhead charges in the valuation of contracts in progress has been to some extent resolved by the receipt in February, 1976 of an order for a liquefied petroleum gas carrier. Efforts continue to be made to obtain further orders and a number of "interesting" possibilities are under examination, adds Sir John.

In accordance with the agreement with Lazard Brothers, Lazard has subscribed in cash at par for 125,000 10 per cent. redeemable Preference Shares.

1974-75 1975-76

	1974-75	1975-76
Turnover	134	157
Profit	134	157
Retained	134	157
Net loss	134	157
Minority	134	157
Loss attributable	134	157
Loss	134	157

Peak £0.38m. profit from P. Panto

Wholesale tobacconists, confectioners, grocers and sundriesmen, P. Panto and Co., raised its pre-tax profit from £218,519 to a record £530,218 during 1975 on turnover up from £16.74m. to £19.13m.

MINING NEWS

Stirring times for the tin mines

BY MALCOLM DUMPHRIES

THE LATEST batch of April tin concentrate outputs from Malaysia's mines came at a significant time with the metal price, both here and in Penang, touching all-time records. At last week's London meeting of the International Tin Council it was agreed that export quotas imposed upon producing countries (one of the factors behind the recent upsurge in the price) would be further increased to 40,000 tonnes immediately for the June quarter from the 35,000 tonnes previously imposed.

The dealing price ranges of the International Tin Agreement, which governs the incursions into the market by the buffer stock manager, were also altered upwards. The "floor" price, below which the buffer stock manager must support the market, was raised by \$150 a picul to \$1,000, while the "ceiling" level above which he must sell his metal, was pushed up by \$100 to \$1,200 a picul.

Over the week-end, the Penang price, which Malaysia's producers receive for their output, jumped by \$480 to \$1,175 this putting it within striking distance of the upper limit of the new agreement. So the current period is one when good profits will be made providing output and metal sales are around last year's levels or above.

In the London Tin group's outputs, which are tabulated below, the tin output for April 9 at both Tongkah Harbour and Asam which were previously hit by a strike in Thailand which started on January 24. Southern Kinta Consolidated operations in that country, however, remain closed, pending assurances on the renewal of the company's leases. Berhuma's output was the best since May, 1974, but it brings the total for the year to April to 1,587 tonnes compared with 4,215 tonnes for 1974-75. Although Southern Kinta's production was below that of the previous month, its total for the 10 months to date of the current year to June of 2,111 compares with 1,916

NORANDA NOW MORE HOPEFUL

After his cautious comments made earlier this year the president of Canada's Noranda Mines, Mr. Alfred Powis, now goes a little further to say that the worst of the business recession over the outlook is for a gradual recovery in the second half of the year. He expects the rest of this year to be substantially better than those of the first quarter.

He points out that new and expanded operations will begin to contribute to earnings late in 1976. It is also worth bearing in mind against the background of the recovering metal markets that Noranda has been carrying big unused stocks of copper and zinc. On the other hand, the group is also bearing heavy long-term debts.

Last year, earnings dropped by 68 per cent. to \$50.5m. (\$28m.), a major reason being a \$13m. loss incurred at the Gaspé copper mine and processing plant in Quebec. Progress is being made in solving the latter's technical problems and its performance could be considerably improved this year, but much higher copper prices will be needed to produce satisfactory earnings.

442 million francs; in 1975 the loss attributable to UCB is 285 million francs. UCB's own results are, fortunately, better, showing a slight profit of 32.3 million francs thanks to income from dividends. With the addition of profits brought forward from previous years a total of 209.7 million francs is available for distribution. The Board of Directors, therefore, feel entitled to recommend that 125 francs be paid as dividend to each share, compared with 178 francs last year, and that 36 million francs be carried forward, compared with 177 million francs last year.

Notwithstanding the difficulties we encountered in 1975, we continued to push research and investment work in order to prepare for the expected revival of business. Capital investment expenditure for the whole Group was even a little higher than the year before: this totalled 1,444 million francs compared with 1,390 million in 1974. Investment credits totalling 1,000 million francs were obtained from Société Nationale de Crédit à l'Industrie and Caisse Générale d'Epargne et de Retraite, thereby easing our cash position for the new expansion. Now that these various measures have been applied, we feel we can look forward with confidence to the period of renewed activity that began during the last quarter and has been steadily improving since.

Our present opinion is that the year 1976 will catch up again the normal expansion curve of our Group, with the corresponding profitability, and that 1975 will only have been an accidental deviation from the road chosen by UCB.

I would like to end this review by thanking our staff for their efforts of adjustment which enabled our Group to find a new equilibrium during a particularly difficult year.

FINANCIAL HIGHLIGHTS

UCB GROUP	1973	1974	1975
In million BF/£			
The Group's net sales	12,737	17,983	15,306
Depreciation for the year	899	1,005	879
Results after taxation:			
—ordinary	479	506	244
—extraordinary	154	1	28
—total	325	507	272
Cash flow	1,262	1,879	934
Investments during the year	1,536	1,360	1,444
UCB GROUP	1973	1974	1975
In BF per UCB share/£			
Dividends: gross	193.75	218.75	196.25
net	155	175	125
UCB's share in:			
Depreciation for the year	728	811	720
Results after taxation			
—ordinary	360	401	208
—extraordinary	137	1	24
—total	223	402	232
Cash flow per share	995	1,454	724
Cash flow =			
Depreciation influencing the results account			
+ Investment grants received			
= Variations Provisions for risks and losses in value			
= Results for the year after taxation			
Rate of exchange used: 1973: £1=BF95.99			
1974: £1=BF84.97			
1975: £1=BF80.02			

Copies of the 1975 Annual Report (in English, French or Dutch) can be obtained on request from:
UCB s.a. Public Relations Department, Chaussée de Charleroi, 4
B-1060 BRUSSELS—BELGIUM. TEL: (010) 322 537 12 20. TELEX: 21.280

BIDS AND DEALS

Sun Life criticises use of funds by Artagen

ISSUING ITS formal bid for Artagen Properties, Sun Life Assurance Society claims that the use of the £25.5m. interest funds which it has provided for Artagen since 1973 have "not been used for the purposes for which they were intended."

The agreement, which involves £40m. to be drawn down over eight years, was intended for property development in Britain, writes Mr. Philip Walker, chairman of Sun Life, in a letter to Artagen shareholders recommending the 75p per share cash bid.

"There can be no doubt that the spirit of the Agreement has not been and is not being followed. Furthermore, in recent months new legislation has rendered it almost impossible to use the funds provided for the Agreement for the purpose intended—namely property development."

"We have come to the conclusion, therefore, that we are not likely to achieve in the long term either the type of security we had anticipated, or a return commensurate with our total investment, unless we exercise full control of this very large interest."

Artagen's share price, at 87p at the time of the bid, was much closer to net asset value than the £1.20 per share which Mr. Walker, because of Sun Life's 33.4 per cent. shareholding in Artagen, "giving the expectation of a bid at any time."

Shareholders should also consider that net asset value of 78p is based on the latest Artagen accounts, does not take into account capital gains tax on properties if they were to be sold, says Mr. Walker. The funding agreement with Sun Life for the special value of a third party acquiring control of Artagen as Sun Life could then cease to provide further funds.

Mr. Walker said yesterday his reference to completing development undertaken by third parties is not intended to be a threat, but a warning that Artagen's failure of the Lyon Group. The value of these was reduced by nearly £2m. in Artagen's accounts.

The bid price, he said, took no account of the material improvement in the property market since Artagen's valuation in December 1975. "In due course of time, we will be justified in recommending a new valuation as part of its bid defence. Artagen shares finished yesterday at 70p, down 1p.

The annual report of Sun Life published to-day, shows that average yield on investments in 1975 was 5.83m. Premium income increased by £1.6m. to £24.8m. and investment income by £5m. to £45.5m. Annuity premiums jumped by over £13m. to £51.1m. Claims and expenses were £4m. higher at £29m. and there was a transfer from investment reserves of £29.4m.

The Society invested over £30m. last year in the fixed-interest market to take advantage of the high yields obtainable on longer-dated stocks. Over half the investment in ordinary shares came to £10m. most of this coming through taking up rights issues.

Investment in property amounted to £13m. mainly from class developments entered into earlier, and £4m. net was advanced on house purchase mortgages.

Mr. P. G. Walker, in his statement, attacks the Government for its failure to appreciate the inhibiting effect of dividend restraint. He expresses his disappointment in the reduction during last year of the maximum increase from 25 per cent. to 10 per cent. and says it was "quite inconsistent of the Government to continue a policy of restriction of reward and at the same time complain of limitation of investment in industry."

The new business results last year showed a substantial increase over the previous year, the increase in new premium income being greater than the average for the life assurance industry.

Despite general economic conditions and the political uncertainties about pensions, the Society secured a satisfactory amount of new pension business.

Mr. Walker refers to the Social Security Pensions Act 1975 which he says was an unsatisfactory basis for a matter involving such a large part of the national income. He also presses the Government to make its position clear regarding the scope of pension improvements in its new pay policy proposals.

Chairman's statement page 21

INSTEM-KRATOS

Kratos, U.S. manufacturers of instruments, industrial control systems and computer displays, has completed its acquisition of Instem of Stone, Staffs, and now holds all the Ordinary share capital. The technologies of the two companies are very complementary and it is envisaged the acquisition will provide Instem with greatly enhanced opportunities to market its products overseas.

DELSON DEAL TALKS

Delson Group has reached an advanced stage in its negotiations to acquire two companies which own Cylinder and Dorwin Components, of Kings Norton, Birmingham.

Subject to final approval, the formal arrangements should be completed on June 7—the offer is for around £250,000 in cash. The purchasers were advised on this transaction by Grimley and Son, of Birmingham.

Grindlays to sell Genbank stake

Grindlays Bank is selling the minority interest in General Bank and Trust Company (Genbank) in the Philippines which it acquired early last year for P85.8m. (some £27m.).

Reports from Manila indicated that agreement on the sale had been signed early this month. It is understood that the 33 per cent. stake held by Grindlays is being sold in instalments to a trust consisting of local interests.

The U.K. bank took the minority stake with a view to building up representation in the Philippines where regulations would prevent it from having a controlling stake in a local bank.

Genbank, which ranks 17th locally in terms of resources, has paid up capital of P82.8m. and it had originally been planned to develop its activities in conjunction with Grindlays' partners, a local business family.

R. J. FAIRHURST

The Ritchie's Estates Group of Companies is to acquire the Midlands-based firm of R. J. Fairhurst (Drilling and Blasting) of Sandbach, Cheshire. Mr. Reg Fairhurst continues as managing director of the company.

PENTOS-JEAVONS

The chairman of E. E. Jeavons has written to shareholders, strongly recommending them not to sell their shares following the approach to the company made by Pentos; holders will be kept informed of any further developments. Croda International owns 34 per cent. of Jeavons.

BOLANDS FORECASTS PROFIT RISE

The directors of Bolands are recommending shareholders to accept the revised offer made by Barrow subsea three Barrow shares plus 64p cash for every eight Boland. In the light of recent interim re-

sults, the Board of Bolands forecasting pre-tax profits of less than £500,000 in the year, compared with £121,000 in 1974, and an increase of 35 per cent. intended to recommend the dividend payment to 5p. The directors believe there is no financial advantage in offer on both income growth in terms of Bolands profits.

HUMPHRIES BUY TWICKENHAM FILM STUDIOS

Humphries Holdings, developer and printers of motion pictures, has agreed to buy the acquisition of Twickenham Film Studios for £250,000 of 180,000 on exchange of 10 of 10 per cent. unsecured notes repayable in equal instalments over five years. The total consideration increased to £250,000, due to profits of Twickenham in 1975 and 1976-77, and additional would be met by equal instalments commencing in 1978 and bearing 10 per cent. interest.

Humphries also is to sell the interest on the existing gap of £240,000 held by 11 per cent. to 13 per cent. until repayment of the loan has been completed.

Net assets of Twickenham March 31, 1975 amounted to £245,000 and pre-tax profits to £57,000. Humphries' excess of cash proceeds from the sale of assets covered by Twickenham's reduced freehold property, interest.

SHARE STAKES

W and H. Construction formed Robert Riley (Bak) that it no longer has a direct interest under Section 29 of Companies Act, 1967.

Celtic Haver, a public limited company, has increased its interest by 35,000 Ordinary and now 800,000 shares.

ASSOCIATES DEAL

Kleinwort, Benson, bought Friday, 20,000 Perak River Electric Power at 450p on behalf of the Government of Malaysia and Leigh Hunt purchased in the market 240,000 Perak River Electric Power at 450p cash for every eight Boland. In the light of recent interim re-

Commercial Union Assurance Company Limited

The Board announces estimated and audited profits for the 3 months to 31st March, 1976 of £4.3m. (1975 £6.2m.) after providing for taxation. It is emphasised that the results for the first 3 months cannot be taken as a guide for the year as a whole.

	3 months to 31st March 1976 (Estimate)	3 months to 31st March 1975 (Estimate)	Year 1975 (Actual)
PREMIUM INCOME	302.2	228.3	922.4
Investment income	25.9	22.6	101.2
Life profits	1.6	1.3	6.0
Underwriting loss	(15.4)	(6.5)	(94.8)
Share of associated company's results	—	—	(0.9)
Loan interest	(5.2)	(4.7)	(22.6)
PROFIT/(LOSS) BEFORE TAX	4.9	11.8	(102.1)
Taxation and minorities	(2.6)	(5.5)	6.5
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	4.3	6.3	(95.6)
EARNINGS/(LOSS) PER SHARE	1.38p	2.05p	(1.18)
SHAREHOLDERS' FUNDS	£315m	£268m	£206m

As usual, the results of the Company's overseas operations have been converted at rates of exchange ruling at the close of the periods reported above.

Premium income has increased by over 30% half of which is due to changes in exchange rates.

The underwriting results for the first quarter 1976, although poorer than those of the corresponding period last year, are much improved compared with those of the third and fourth quarters of 1975 as thus reflect some of the corrective action taken in 1975 which was outlined in the Directors' Report for that year.

In the UK underwriting profits have again been earned but on a greatly reduced scale, largely because of the continuing effect of high inflation liability claims. In the United States our statutory operating ratio in the first quarter of 1976 was 110 compared with 113.9 for 1975 as a whole and 124 in the final quarter. Significant rate increases have been and are being obtained and we are benefiting from lower expense and commission ratios.

Agency cancellation programme, announced in 1975, is complete and the effects, including the run-off, far, as are expected. Until the run-off in the second quarter is known, we have charged only £1m. losses arising from this business to the provision of £15m. set up at 31st December, 1975. This is reflected in the statutory operating ratios given above, but has been credited in arriving at the underwriting loss of £15.4m.

Severe weather conditions prevailed in the north-east of North America in the opening week of 1976. These caused a higher than usual incidence of motor and property damage claims that adversely affected the first quarter's results for the United States and also Canada.

In Australia, although underwriting loss continue, the scale of these has been reduced. Western Europe generally, the results are unchanged.

Claims arising from the storm and flood damage on the 2nd January, 1976, which affected the U and Holland and those from a severe storm in the Canadian Maritimes on the 2nd February, have been charged to our extreme weather provision in accordance with the rules that govern its use.

Insure with
Commercial Union
Assurance

مكتبة الشهاب

STOCK EXCHANGE REPORT

Interest still restrained by rumours of ICI "rights"

Share index edges up 0.3 to 415.5—GKN rally

Account Dealing Dates

First Declaration Last Account Dealings Date
May 11 20 22 24 26 28 30 31
May 12 23 25 27 29 31 1 Jun 1

New time: dealings may take place from 9.30 a.m. to 2.30 p.m. on the day.

With rumours of a possible "rights" issue from ICI persisting, potential buyers were content to hold off in stock markets yesterday.

None the less, there was no selling pressure either on the underlying trend was quietly steady, sentiment being helped by the statement from Dr. Oskar Emminger, deputy governor of the Bundesbank, that the pound is now undervalued and that the U.K. has an excellent chance for an export-led recovery.

Although much of the recent steam went out of the gilt-edged market, short-dated issues closed with further gains ranging to 3 1/2 p.p. while the later maturities managed to hold on to the recent gains.

Leading equities fluctuated narrowly and with final quotations a shade higher on balance, the FT 30-share index closed 0.3 higher at 415.5, GKN an index constituent, rallied 3 1/2 p.p. to 344, after last Friday's fall of 19 p.p. on doubts about the outcome of its deal with Sachs, the German motor components concern.

Company trading statements and favourable Press comment provided a few small features, but otherwise movements of note were few and far between. Rises outnumbered falls, by 63, in FT-quoted industrials, but in the FT-Actuaries All-Share Index, rises outnumbered falls, by 42.

Long Gilts consolidate

A full in the recently increased demand for long-dated British Funds gave the market the opportunity yesterday to consolidate the gains of the past week. Open-

ing quotations were marginally higher, but they soon reverted to Friday's closing levels and remained there until the afternoon, when once again a hardening tendency became apparent.

Shorter maturities also turned higher late on reports that the Transport and General Workers' Union had accepted the Government/TUC pay policy. Low-coupon issues figured prominently in this market condition, established gains extending to 1 1/2 p.p.

Interest continued at a low ebb in the investment currency market and after completion of a few early orders the premium drifted lower to close a point down at 123 1/2 p.p. Yesterday's SE conversion factor was 0.6396 (0.6354).

Com. Union better

Composite Insurances failed to attract much support, but the better-than-expected first-quarter figures helped Commercial Union edge forward 2 to 133p, after 133p.

Eagle Star also closed 2 better, at 130p, but Sun Alliance lost 3 to 131p, and Royal Indemnity, a constituent, fell 1 1/2 p.p. to 129p.

Among Lloyd's brokers, Hogg Robinson improved 5 to 175p and Alexander Henderson put on 3 to 173p, but last week's firm counter 3 F. Hogg closed unaltered at 412p with the "new" nil-paid also unchanged at 112p premium.

In extremely quiet trading, the big four banks drifted gently lower with Lloyds closing 3 off at 317p and Midland 2 down at 312p. In front of tomorrow's results, Allied Irish cheapened 3 to 106p. Discounts continued to make headway with sentiment helped by the firm performance of gilt-edged issues.

In a thin market, Allen Harvey and Rose rose 10 to 400p, while Alexander and Union were 3 better at 225p and 345p respectively.

On the chairman's annual statement, Jesse, TSBYE hardened 3 to 73p and, ahead of results due on Thursday, King and

Shannon improved 3 to 35p. Merchant banks had contrasting features in Guinness Peat, which touched 210p before closing 2 better at 206p, and Edward Baines 3 lower at 31p on small selling and lack of support.

Breweries and kindred trades closed narrowly mixed after a quiet session. Bass Charrington shed 2 to 96p and Allied shaded a penny to 66p.

In Buildings, Thomas Warrington improved 4 to 34p in response to the increased dividend and earnings. Press comment directed

none to investment demand, while Algonite, still reflecting last week's preliminary statement, moved up 2 more to a 197p peak of 235p for a two-day gain of 10.

ICH harden

News of the sale of GEC's remaining 15.2 per cent. stake in International Computers to Plessey and the National Enterprise Board for 150p per share, hardened 2 to 146p. GEC, 165p, after 166p, and Plessey, 79p, both finished a penny firmer. Other figures and Automatic Oil Tools

leading Electricals were also quietly firm. Revolve Parsons put on 3 to 131p, while Philips Lamp, awaiting Thursday's first-quarter figures, closed 3 better at 99p.

Elsewhere, Campbell and Laker improved 3 to 65p and Dowling and Mills 2 to 15p, while Seay moved up 30 to 800p. The chairman's statement with the full report, Bouffay (Great Britain) a penny harder at 25p.

Lox in a thin market at 100p, down 3 while House of Sees, 17p, and Ultra Electronic, 33p, shed 3 apiece.

Leading Stores fluctuated narrowly before closing at an near, Friday's closing levels. Debenhams, at 92p, regained 3 to 93p, after 92p, and House of Fraser, 62p, "Gusles" "A" 203p, closed a penny better on all closed.

Elsewhere, Campbell and Laker closed without alteration at 99p. Among the smaller-priced issues, Selincro closed a penny better on balance. Marks and Spencer closed without alteration at 99p.

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remained at Friday's levels, but isolated features occurred among secondary issues. Weyburn attracted small investment demand and, in a narrow market, rose 2 1/2 to 302p, while Starley Industries moved up 6 to 184p in response to the impressive first-half results and profits forecast.

James Neill rallied 3 to 77p, despite the missed profits forecast, and newspaper mention lifted C and W Walker 2 to 106p. Samuel Osborne, on the other hand, slipped 2 to 33p following lower interim figures.

Elsewhere, Campbell and Laker closed without alteration at 99p. Among the smaller-priced issues, Selincro closed a penny better on balance. Marks and Spencer closed without alteration at 99p.

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LINER PLANT
USED WORLD-WIDE

The Liner Concrete Machinery Co. Ltd
Park Road, Gillingham, Kent ME8 3JH.
Tel: 0632-772501

Weatherall Green & Smith
Chartered Surveyors-Estate Agents
London Leeds Paris New York

Volkswagen first-quarter profit £28m.

BY ADRIAN DICKS BUNN, May 10.

VOLKSWAGEN, riding the strong recovery of the West German car market, revealed today that it made a DM134m (£28m) profit in the first quarter of this year, compared with a loss of DM11m in the same period of 1975.

Stating that the foundations for "a durable consolidation" of the group had been laid, the chairman, Herr Toni Schmuecker, announced that VW's DM97m loss in 1974 had been reduced to DM157m in the year 1975 as a whole.

Coming just over a year after Herr Schmuecker was brought into VW to carry out a far-reaching programme of rationalisation, the 1975 figures provide the company with a markedly stronger base from which to launch the U.S. assembly plant operation which its management believes the key to its future.

Herr Schmuecker offered no forecast of this year's revenue picture, but predicted that VW would succeed in further reducing the DM93m of losses carried forward.

The VW chairman confirmed that the U.S. plant would require a total investment of DM600m, including some DM200m in starting-up costs. VW would put up DM125m, of its own as equity capital, with the remainder provided through a combination of European and American borrowing.

He left open the precise form in which the money would be raised, but mentioned the possibility of both public and private bond placements in the U.S. in the longer term. VW would hope to issue shares in its U.S. operation to the public.

Herr Schmuecker strongly emphasised his belief that the U.S. assembly plant for the Rabbit (Golf) which is planned to produce up to 200,000 units a year by 1983, employing up to



Mr. Gordon Borrie... favouring a voluntary approach

New head of Fair Trading

By Elinor Goodman, Consumer Affairs Correspondent

MR. GORDON BORRIE, Dean of the Faculty of Law at the University of Birmingham, has been appointed to succeed Mr. John Methven as Director General of Fair Trading.

Mr. Borrie will be in charge of monopolies and mergers, restrictive practices and consumer credit as well as the broader field of consumer protection. He will report to Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, but will also have the power to make references to the Monopolies Commission on his own initiative.

Unlike Mr. Methven, who is to take over as Director General of the Confederation of British Industry, Mr. Borrie, 45, has never worked in industry. But he has written a number of books on commercial law and served on several bodies in the field of consumer protection.

Mr. Borrie, who was selected from over 200 applicants, has been working at the University of Birmingham since 1963. Before that he was practising as a barrister in London, having been called to the bar, Middle Temple, in 1952. He has already worked in conjunction with the Office of Fair Trading as a member of the Consumer Protection Advisory Committee, the body set up to review proposals for changes in the law put forward by the Director General of Fair Trading.

Until recently Mr. Borrie, who will be paid £16,580 as Director General, was also a member of the Council of the Consumers' Association. He is also a part-time member of the Equal Opportunities Commission though he will now give up this appointment together with his membership of the Council of the Office of Fair Trading.

The scope of the Office of Fair Trading has been increased since it was set up in 1973 with Mr. John Methven as its first Director General. Mr. Borrie's appointment comes at a time when the Office is extending its control of both restrictive practices and consumer credit. Restrictive practices in the service industries are going through the first stage of the registration process while applications for the first group of consumer credit licences are now being lodged.

Mr. Borrie said yesterday that like Mr. Methven he favoured a voluntary approach to improving the standard of consumer practices wherever possible. He would continue to seek voluntary agreements with trade associations as part of the Office's attempts to improve the standard of consumer service in this country.

"I am following in the footsteps of a man who had excellent relationships with both industry and consumers, and I hope to build on these relationships wherever possible," Mr. Borrie said.

Men and Matters, Page 16

Equity Bank plan opposed by Sun Life

BY MARGARET REID

NEW OPPOSITION to the project for the £50m "equity bank" for the Equity Capital for Industry, details of which are to be published on Thursday, has come from a major insurance group, Sun Life Assurance.

Mr. P. G. Walker, the group's chairman, says in his annual report: "We are convinced that the existing machinery for capital raising provided by the City is adequate, and we see no reason for the setting up of any new organisation for the purpose of filling a supposed gap. Accordingly, we do not propose to contribute to the Equity Investment Bank."

Mr. Walker's opposition to the controversial Equity Capital scheme, which has been in preparation for many months, is particularly emphatic. It follows previous indications of widespread doubts, and sometimes qualified opposition, from other institutions, notably certain Scottish insurance concerns.

The prospectus for Equity Capital, which is to channel capital to companies unable to raise it on the stock market, is likely to show that the project will go ahead if £50m of its proposed £50m capital is put up. This would have to be in appropriate proportions from the different institutional sectors, including insurance companies, pension funds, investment and unit trusts.

Institutions will have until June 21 to decide finally whether they want to participate in the City. It is now thought certain that support will be sufficient to launch the venture.

Coopers and Lybrand, the major City accounting firm, whose former senior partner was Sir Henry Benson, will be auditors. Equity Capital for Industry, a spokesman for the firm has confirmed.

THE LEX COLUMN

GEC sells and Plessey buys

Trading between 40p and 55p for much of last year, the share price of International Computers has rocketed since the last results statement indicated good prospects and the early resumption of a normal dividend policy. This has turned out to provide the selling opportunity GEC has long been waiting for—it originally tried to dispose of its ICI stake to Plessey at the time of its takeover of English Electric. GEC started selling in the market at around 130p in January. The deal with Plessey and National Enterprise Board now gives it 150p a share, the year's peak and just above the current market price of 148p.

In fact Plessey's additional commitment is not large—it is buying under a quarter of the GEC stake. Yet the reason for putting in new money at all is unclear. An extra 4 per cent does not count for much one way or the other. Plessey admits that its original hopes of technological "convergence" were premature, and simply asserts that this will now be a reason for some undischarged reason (a view which GEC plainly does not share).

Perhaps the best way of summing up the deal is that it symbolises the different management styles of GEC and Plessey. As for the NEB, it simply looks as if it has been unable to turn down the offer of a large interest in a successful high-technology company to balance some of its problem children. But ICI is unlikely to be pleased. And it is a pity that a large purchase "on behalf of the taxpayer" is not accompanied by any indication of how the arrangement might help ICI, or how Plessey and the NEB are going to work together in the future.

The price of the deal is high in terms of recent history, but net worth is over 200p a share, the market appears to be expecting earnings of around 27p a share for the current year, and it would seem realistic to expect a dividend large enough to take the yield up to the market average.

Commercial Union

For once, there are no surprises from Commercial Union, since its first quarter figures are in line with the expectations that led to the payment of a maintained dividend out of reserves in 1975. Its troubles did not really start until the second

quarter of 1975, so the year-on-year comparison is unflattering—profits of £6.9m, against £11.5m. But underwritten losses of £15.4m, are well below the figures for each of the three previous quarters, as indeed they had to be.

Most of these arose in the U.S., where motor rates in the North East are still inadequate. However the liability losses are not such a disaster area, and only £1m of the £15m provision against the agency cancellation programme has been drawn down so far: the rest will come in over the next twelve months or so. U.K. profits are falling, Australia is likely to make another pre-tax loss this year, and investment income growth has slowed down noticeably with a net rise of 18 per cent so far. But that need not prevent profits recovering to somewhere around £50m, pre-tax.

The constraint for the shares, yielding 8 per cent at 132p, remains in the balance sheet. For technical reasons a rise of a third in premium income after three months exaggerates the trend, but the solvency margin is well below average at around 27 per cent, and retentions in the current upswing seem unlikely to be enough by themselves to restore the balance.

European Ferries

At £6.37m, pre-tax the profits of European Ferries come out very close to the most recent forecast of £6.3m, given in the offer document for Felixstowe Dock. The improvement from the £4.25m of 1974 is explained in equal measure by the growth in shipping earnings and

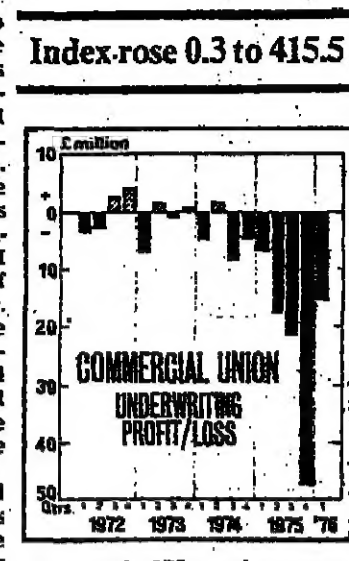
the elimination of exchange losses, mostly in aviation, picture is slightly better than the increase—under ordinary items—in losses on foreign currency from £0.86m, to £1.9m. plainly the recent fall in the sterling will be something very nasty. £3m of foreign debt was repaid on January 31. For ships count as dollar assets if EF does not treat such in its balance sheet.

Sun Life/Artogen

Sun Life's offer for Artogen is developing into a fashionable bid battle, and is a nostalgic lunch of the formal offer does. Surprisingly, perhaps, it is pressing ahead with original terms, and a lot of its argument seems to be that the "spirit" of the agreement with Artogen is being followed. It is its cheap long term funds intended to encourage development in the U.K. instead large chunks have been used for the purchase of properties, developments undertaken by third parties and for short term deposits. This may or may not be Artogen's policy, but either way such an action may leave as much money on the provider's balance as on its recipient. Artogen shareholders, the interest lies in the way it reflects the value which attaches to the agreement, will need to be demonstrably more tangible form, in shape of a higher bid.

Volkswagen

Volkswagen has been progressively more optimistic about its trading performance for some months now. The news that losses in 1975 dropped from DM907m to DM157m—and that the figures stopped last August—little stock market impact DM143.50, the shares stand roughly twice the low reached early last year. Now might be a time to look towards 1975's earnings, estimated by brokers Victor Costa at an adjusted DM1 share. But for the internal investor, the question is whether VW will turn to equity market, now that the climate is improving.



EEC plans tighter state aid rules

BY DAVID CURRY BRUSSELS, May 10.

THE EUROPEAN COMMISSION is in the process of drawing up directives which would compel Governments to be more open in their financial dealings with State-owned enterprises.

Under these proposals, which are bound to prove highly controversial, the Commission wants to tighten rules which lay down how far State enterprises must observe Common Market anti-trust laws. It also wishes to control the amount of State aid afforded to lame-duck industries "that have failed to adapt to circumstances."

The move, which coincides with the Commission's fifth report on competition policy, is also designed to test the Brussels executive's strength as a European institution and must be approved by the member States in the Council.

The Commission argues that while it is reasonably satisfied that it can run fairly clean and initial measures of public investment in enterprises, once a company goes into the State sector it becomes increasingly difficult to monitor the way that it conducts its business and its relationship with the State so as to make sure that the rules of competition are being observed.

This concern has been heightened by what the Commission, in its report refers to as the growing tendency of member States to intervene in their economies through the agency of public enterprises.

The move comes after a period when State aids have proliferated in the cause of combating recession and saving jobs. Some members of the competition department feel strongly that the State aids doctrine must

either be reassessed positively or abandoned.

Their concern was crystallised by the Commission agreeing to the British Government's Chrysler rescue against a strong body of opinion which argued that unlike the Leyland rescue, which involved important managerial changes, the Chrysler deal contained no real element of industrial rationalisation.

State aid in the form of loans or an equity stake was mainly provided in the cases of companies which would not be able to survive without it, might require aid over a long period and would not be bound by commercial notions of profitability, the commission says bluntly.

Such protracted aid could quite easily run counter to Treaty of Rome rules on competition. These endorse State aids as part and parcel of industrial restructuring to improve the competitive situation of an industry but they draw the line sternly at the distortion of competition through subsidy.

The State aid doctrine is a political minefield because it gives Brussels the power to veto measures which a national government may consider industrially and politically urgent. It is particularly delicate since the Treaty of Rome (Article 90) gives the Commission power to lay down directives without requiring the consent of the Council of Ministers.

The decision to draw up directives in this field means that the Commission has clearly decided to test its strength, in the application of Article 90, in an area which up to now has remained largely ill-defined and imprecise.

News agency vote on Telegraph strike

BY ALAN PIKE, LABOUR STAFF

JOURNALISTS working at Press Association, the news agency, will ballot tomorrow on whether to take industrial action in support of colleagues on strike at the Daily Telegraph.

The decision to hold the ballot was taken by the National Union of Journalists' chapel committee at Press Association yesterday. Earlier NUJ national officials met Press Association management and appealed without success for the news agency's teleprinter service to the Telegraph to be cut off.

News agency teleprinter tape is transmitted on Post Office lines, and it has been claimed in previous disputes that Press Association cannot disconnect one subscriber in isolation.

Officials of the 340-strong Press Association Chapel said last night that it would be for their members to decide what form the sympathetic action should take if the ballot went in favour of supporting the Telegraph NUJ members.

Vote to stay out

A decision to take sympathetic strike action, hoped for by the Telegraph Chapel, would disrupt the Press Association service to subscribers throughout Fleet Street and the Provinces.

Members of the Telegraph

London chapel voted 117 to 7 yesterday to remain on strike in support of their Manchester colleagues. The dispute arose when 46 Manchester journalists "withdrew goodwill" and were suspended after refusing to work new duty rotas due this week.

They say the new rotas impose an extra workload and result from a recent reduction in staff as the Telegraph prepares for facsimile transmission of pages from London to Manchester.

Concern about the likely consequences of new technology on employment prospects underlies the immediate cause of the dispute.

The Daily Telegraph management has stated that while it understands there is a "great fear" among journalists that the company is seeking to pull out of Manchester, this is not the case.

NUJ officials are anxious to stress the broad implications of the issue in the hope of winning support of other unions in the Daily Telegraph dispute, which has been made official. Last night members of other unions were continuing to work normally.

Fathers of other Fleet Street chapels meet this morning to discuss the Daily Telegraph situation.

U.S. rubber company 'no contest' on deals

BY DAVID BELL WASHINGTON, May 10.

GENERAL TIRE, one of the largest U.S. rubber manufacturers, said today it would not contest a wide range of allegations of illegal payments to officials and consultants in Chile, Morocco and Mexico; falsified its books and corporate records; and paid several million dollars in illegal domestic political contributions.

General Tire, in pleading, "no contest," neither admitted nor denied the commission's allegations, but agreed to accept a district court injunction setting up a special committee, headed by five non-executive directors, to investigate and report on use of secret corporate funds for illegal payments.

According to the commission's formal complaint General Tire began a concerted effort to get itself off the Arab boycott list in 1970, and retained a company called Perco as advisers. Perco, a subsidiary of Triad Financial Establishment, was linked to Mr. Adnan Kashoggi, the well-known Saudi Arabian entrepreneur.

The Securities and Exchange Commission said the company paid \$50,000 in 1972 after the company's name was removed from the boycott list in 1972.

The Commission further alleged that General Tire maintained several hundred numbered accounts, often funded by the proceeds from overbilling certain of the company's affiliates. These accounts, and offshore bank accounts maintained in London and New York, were used to help make "substantial illegal and proper payments totalling in excess of several million dollars of General Tire corporate funds."

The company was alleged to have filed "materially false and misleading annual statements."

The Commission said it used its special accounts to pay various sums to consultants and officials in Chile, and to establish a "slush" fund in Mexico. The company also agreed to pay \$500,000 to a Moroccan official to help the company obtain a Government licence to expand its plant. This official was later imprisoned by the Moroccan Government for accepting money from foreign companies.

Weather

U.K. TO-DAY

MAINLY dry with sunny periods apart from a little early rain in South-East England. Scotland and N. Ireland will start bright with rain spreading from the West later.

London, S.E. England, E. Anglia. Some light rain early clearing to give sunny periods. Winds N.W. moderate. Max. 17C (63F).

Southern and S.W. England, North England, the Midlands, Wales, S. Wales. Dry with sunny periods. Winds N.W. moderate. Max. 16C (61F).

N. Wales, N.W. and N.E. England, Lakes, Isle of Man. Dry sunny spells and westerly moderate winds. Max. 14C (57F).

Scotland, E. Scotland. Sunny at first but rain later. Winds westerly, moderate. Max. 13C (55F).

N.W. Scotland, Highlands, Orkney, Shetland, N. Ireland. Bright at first, becoming cloudy with rain spreading from West. Winds S.W. moderate. Max. 12C (54F).

Outlook: Mainly dry with sunny spells in the South, unsettled in the North.

Lighting-up: London 21.08, Manchester 21.36, Glasgow 21.44, Belfast 21.46.

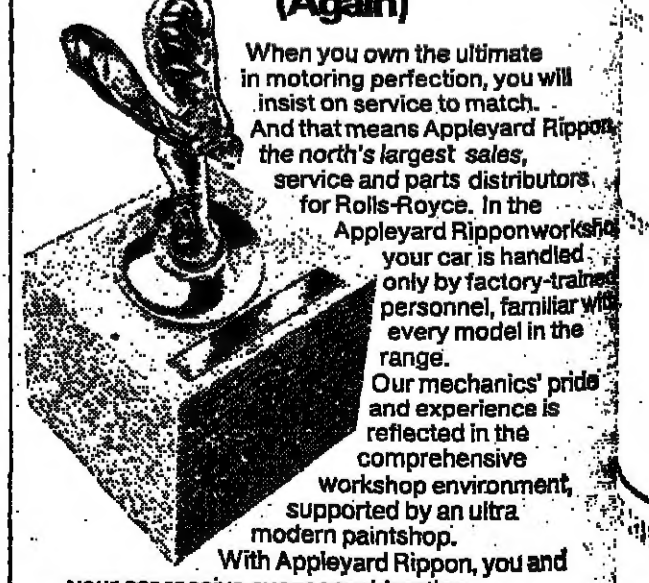
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£ hits inflation timetable

measures the average of prices recorded in April, and since the major decline in sterling occurred early in the month, more than half the effect is reflected in the April figure. However, a further rise of about two percentage points appears likely in May, and some hardening of dollar commodity prices will also have its effect.

Rises in materials prices normally appear at the wholesale level during the six months after they occur, and somewhat later in retail prices.

Longer term comparisons show that the rate of increase in wholesale prices is still slowing down. Output prices rose 31 per cent in the three months to April, compared with just under 4 per cent in the previous three months, and 6 per cent in the same three months in 1975.

However, the slowing of progress is shown by the fact that while the index stands 15.7 per cent up on the year, the rate of increase in the last six months— at a 24.9 per cent annual rate—

has been nearly as high. While some further reduction in the rate can be assumed, since the 1975 Budget helped to raise the index by 6 per cent in the second quarter of that year (far more than seems likely this year), the figures do suggest that the improvement in running out of steam. The rise in import prices

is likely to bring it to a stop for a time; though the fact that sterling now stands rather below the level officially forecast for the year end should mean relative stability in the rate in the second half of this year, with little remaining inflationary pressure from the rate to the turn of the year.

Thorpe

Continued from Page 1

vinced for some time that he could not continue to carry the burdens of leadership while involved in his personal private battle.

Mr. Steel who is known to have urged Mr. Thorpe to resign two months ago, said that his selfless decision to stand down now in the interests of the party is characteristic.

Paying tribute to Mr. Thorpe's leadership, he told him: "We all look forward to the time when, freed of your present troubles, you return to a key role in the public life of the country."

Mr. Thorpe will continue as MP for North Devon and will attend party engagements in the constituency this week-end, having been assured yesterday by local Liberal officials of their full support.

Backing for him also came last night from Mr. Wally Dewson, chairman of the Liberal Trade Unionists, who said that his resignation was "very disappointing."

Although the National League of Young Liberals welcomed Mr. Thorpe's move, Mr. Stephen Rodan, chairman of the movement in Scotland, said Mr. Thorpe had been "hounded mercilessly, not least by his so-called friends."

The behaviour of his fellow MPs and colleagues has been absolutely despicable in their mad scramble for the leadership.

Mrs. Margaret Thatcher, Tory leader, said last night that Mr. Thorpe had devoted "his whole-hearted efforts to his party's cause" during his nine years as leader. "Despite our political differences, I am sorry that his leadership should have ended in this way."

	February	March	April
Output Prices (Home Sales)		1970=100	
All manufactured products	207.3	208.5	211.2
Products of manufacturing industry			
other than food, drink and tobacco industries	215.0	216.4	219.0
Products of the food manufacturing industries	215.3	216.6	218.7
Prices of materials and fuel purchased			
By manufacturing industry	263.5	273.7	284.7
coal, gas and electricity	267.4	279.3	290.4
By manufacturing industry other than food, drink and tobacco industries	276.8	290.0	304.5
materials	286.7	300.6	315.1
By food manufacturing industries	235.2	238.6	247.3
materials	235.5	238.7	247.1
Provisional			